



Office of Fair Trading Market Study **into Local Bus Services** **Unite Submission – May 09**

Introduction

This submission is by Unite the Union. Unite is the UK's largest Trade Union with 2 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, local government, food, agriculture, education, health, not for profit and the transport sector.

Unite the Union's current membership in our Passenger Transport Trade Group, together with our membership in other trade groups, such as supervisory and administrative grades, and some maintenance engineering members, well exceeds 100,000. The Passenger Services Trade Group represents workers in all areas of passenger services including bus, coach, taxi, and tram and rail workers in 150 large local companies.

Unite is the largest trade union representing drivers, engineers, admin staff, inspectors and managers employed in the UK transport industry, with over 96% of the organised workers in the sector in Unite. Of particular relevance to this market study Unite has thousands of bus worker members and is continuing to grow. Unite has obtained the views of our bus worker members through our lay member committees at national and regional level. Therefore Unite is in a unique position to submit a response to the Office of fair Trading (OFT) on its market study into local bus services.

Sustainable Public Transport for All

Unite believes that any study looking at the bus market must not been done in isolation, it must consider all forms of public transport and the role that buses play within that. Public transport has a vital role to play in providing an efficient, affordable and sustainable integrated transport system. Unite in particular containing so many different modes of transport has a leading role to play in shaping the type of sustainable transport system that will benefit the transport workers that deliver it, the public that travel on it and the wider society that are affected by its environmental fallout.

There is no conflict between the role Unite plays in the workplaces delivering public transport and the role it plays in wider civil society. For the two million working members and retired members that Unite represents, together with their immediate families, Unite represents a disproportionately large segment of the travelling public.

The Failure of Deregulation

Unite believes that in order to put a market study into local bus services into context that a reflection on how deregulation has failed transport workers and the public who use these mass passenger transport modes, with buses being one mode of this group, is required.

One of the obvious challenges in trying to deliver an integrated sustainable transport system is to get people out of their cars and into mass public transport modes instead, such as buses. Unite shares the widely-held satisfaction with the massive growth of use of the mainline railways but the plain truth is that the major competitor to all public transport modes is indiscriminate use of the private car.

The failure of bus and coach deregulation and privatisation, and the pressure to further deregulate taxi provision, to massively expand ridership of road passenger transport vehicles of all kinds has adversely affected any aims to address this imbalance. In most cases, the growth of regional and inter-city railway travel has been important in challenging the use of motor cars on motorways for long-distance commuting, which has risen astronomically with the shift of employment away from manufacturing to service industries and people having to travel longer distances to find work as traditional local economies collapse under the strain of globalisation.

In this context, little attention has been given to the re-regulation and expansion of the role of the bus and inter-city coach travel. The once much-vaunted expansion of the tram and rapid transit sector has not materialised, largely due to an aversion to the high public sector infrastructure investment required. In fact, shorter-distance travel has seen the motor car replacing the key role that public transport once played in daily travel.

Therefore it is now becoming a commonplace observation that the market does not make decisions on the basis of logic and is not an all-seeing perfect instrument. It is self evident, that the state has an important part to play in ensuring that the blindness of the market is addressed. The unrestrained market has led to a massive deterioration of both public transport provision and the quality of the jobs of public transport workers. This is not merely a problem for those workers but should be a concern for all. There can be a solution but it will require strength of conviction on the part of politicians to usher in a genuine new deal that would be a plan to boost the widest range of public transport provision that would enable benefits from the possible economies of scale savings in potential Greenhouse Gas Emissions (GGE).

Bus deregulation saw passenger levels plummet and fares rocketed. For example in South Yorkshire fares rose by 750% and passenger levels halved. Less profitable routes and times (including night services) were taken out of

service so overcrowding increased. On more profitable routes there was increased waste through competing companies all running the same service. A similar story happened in Tyneside where the metro, tram and buses were integrated and publicly owned until deregulation. Now they all overlap and there isn't an integrated service. In essence what has happened shows that rational integrated transport systems are in fact natural monopolies and competition doesn't work for workers, for passengers, or indeed for the environment, which suffers as passengers are forced to either stay home or rely on private cars.

Deregulation Has Reduced Bus Workers Terms & Condition's, Work Life Balance and Health

Deregulation in the bus industry has had a negative impact not just on passengers who have experienced a reduction in service/routes and higher fares but transport workers too. Unite's members, bus workers have suffered an attack on their terms and conditions, work life balance and general health.

Deregulation has led to the deskilling of bus workers, managerial, planning and supervisory grades. The ability to hit arbitrary "targets" in "profit centres" and the need to provide a stream of "positive information" to maintain earnings per share has the same skill set requirements as it does for building and running a complex human logistics network. However bus workers and managers receive lower pay and conditions compared to people with similar responsibilities in other private and public sector industries.

According to the Labour Force Survey at least a minimum of 25% of bus and coaches drivers work over 48 hours a week.¹ From Unite's experiences drivers and the support staff working for public transport operators are working closing to 50-60 hours a week,² desperately trying to make a living so they can take care of their families, who they never get to see. The spin off costs in health care, child

¹ Labour Force Survey Jan-Mar 2008

² www.wrp.org.uk/news/3535

protection, juvenile crime and disorder etc that are picked up by the state as a consequence of the long hours and low pay culture on bus workers families, as well as the cost of the mental and physical damage to the workers themselves are considerable.

Since deregulation, pressure to drive longer hours to make a decent living has increased and this is dangerous for the drivers and their passengers. In addition, drivers and engineering staff in particular are exposed to GGE and other particles, which can potentially cause a number of ill-health, even sometimes fatal, conditions in the short and medium term. At a wider level CO₂ is the main cause of global warming. The World Health Organization estimates that global warming will contribute to more than 300,000 deaths and 10m illnesses each year by 2030.³ Transport workers are a group that is disproportionately at risk.

Drivers and transport workers are in the front line and are suffering bone or muscle pains (especially back), headaches, frequent tiredness, swollen or upset stomach, shortness of breath, numbed or tingling limbs, dizziness, difficulty in sleeping, high blood pressure, occasional pain in the chest or heart area, mental overload.⁴ Scores of valid medical studies across the globe over the past two decades have more than adequately established that the very process of handling the complex tasks of driving human `cargo' safely contributes excessively to the generation of stress-related conditions, most especially in busy and congested city conditions.

The health and safety of drivers and their passengers must be of paramount importance. In order to achieve this, the working week must be reduced with no detriment to pay and conditions. In particular, UK Domestic Driving Hours need to encompass a minimum standard of no more than four-and-a-half hour's maximum driving in a single spell, eight hours a day maximum driving, a

³http://74.125.77.132/search?q=cache:BSae12pS_IcJ:www.cdproject.net/admin/attachedfiles/Responses/42421/963/CDP5_ABSA_AQ.doc+greenhouse+gas+emissions+illnesses&hl=en&ct=clnk&cd=10&gl=uk

⁴www.itfglobal.org/road-transport/busalert.cfm

maximum ten-hour a day total duty and a minimum of 11 hours continuous break between duties.

Currently the bus worker/driver labour market is not sustainable and the economic argument on its own tells us that it costs between £6-7,000 to train a new bus driver. It is vital that in any bus market there is a sustainable transport system which has the health and safety of the professional drivers and transport workers at the centre of any future plans. Unite believes the only way to achieve this is through a regulated bus market.

Local Transport Act

The Local Transport Act is seen by many as a first attempt to address the inadequacy and market failure of bus services since deregulation. More than two thirds of journeys made on public transport are by bus, playing a vital role in easing congestion and providing a green alternative to the car. It is hoped that the Local Transport Act covering England and Wales, which was given Royal Assent in November 2008 through its introduction of 'quality contracts' will encourage as many people as possible to consider switching to buses.

Local authorities will have greater power to serve routes that are demanded in the local area, which have previously been dropped due to lack of profitability by private contractors, since deregulation. There is also the potential to cut down on empty/non full buses on the road by having more full buses.

Unite can not over estimate the importance of getting quality contracting right if our members and the public are going to have confidence in it putting right the wrongs of deregulation. That is why Unite has fought hard to protect bus workers employment conditions that may be affected by the 'quality contract' process by getting TUPE protection written into the Act under Clause 39.

Unite will make sure that during the statutory instrument phase of the Local Transport Act that it continues to deliver for bus workers. The company which is

awarded the 'quality contract' will have Admitted Body Status and can apply for access to the Local Government Pension Scheme or an equivalent scheme. Unite will be insisting that companies who win the 'quality contracts' choose to apply for access to the Local Government Pension Scheme so this practice becomes the norm and therefore an expected standard of what should make up a 'quality contract'.

In Scotland the Transport (Scotland) Act 2001, establishes systems for setting up formal bus 'quality partnerships' and bus 'quality contract' schemes. However, to date, no 'quality partnerships' or 'quality contracts' have been introduced and only 'voluntary partnerships' exist.

So the Bus Regulation (Scotland) Bill aims to simplify procedures whereby transport authorities specify local bus services and standards to help facilitate 'quality partnerships' and 'quality contracts'. This is an ongoing battle in Scotland because the Scottish National Party (SNP) and Brian Souter who is the Chief Executive of Stagecoach are opposed to 'quality contracts'.

Deregulation has seen bus workers terms and conditions, work/life balance and general health reduced, whilst the public has had to endure decreased services/routes, at higher prices. Therefore Unite sees the Local Transport Act and the 'quality contracts' that it offers as a real opportunity to finally reel back the years of damage that has been done by deregulation.

Traffic Commissioners

Unite welcomes the wider powers that the Local Transport Act has given to traffic commissioners, in particular the new role as a sort of ringmaster between local authorities and bus operators, when councils seek to use new powers to regulate local bus services again. Traffic commissioners will also be able to fine operators

who run unsafe vehicles, impound the offending buses and penalise operators who persistently fail to run to time.

Post 1985 deregulation has meant that, outside London, bus operators have been able to run any route, at whatever frequency, fares and vehicle types they choose, merely by registering their intention with the traffic commissioners 42 days in advance. A similar notice period has been required to end or alter a route.

The Local Transport Act means that traffic commissioners will be able to hold hearings on the robustness of councils' service plans set out in 'quality contracts'. If there are subsequent breaches, commissioners can penalise an operator and report a council to the Secretary of State for Transport.

However Unite's main concern here would be whether traffic commissioners are adequately resourced. There are similar concerns about VOSA. It's all very well boosting powers or the tools available to the enforcement mechanisms but if you haven't got the personnel to enforce it then it isn't going to make any difference. So clearly there must be some Government funding in this area.

So Unite strongly supports the toughening up of traffic commissioner's roles via the Local Transport Act and any subsequent measures that will help in regulating the bus market in the way that London has been able to do so.

Greenhouse Gas Emissions (GGE)

The Government has become more interested in the environment and in trying to reduce the growth of car traffic. Achieving the latter is a difficult task by itself, and more or less impossible unless the public can be offered a guaranteed high quality bus service as an alternative. Leaving bus services outside London to the market has not worked. Eventually local authorities outside London, which had

long looked enviously at London's high frequency network of cheaper and regulated buses, alongside government concerns about the environment has resulted in the Local Transport Act 2008.

Any market study looking at local bus services can not afford to ignore the environment, which is a key element of delivering any integrated sustainable transport system for transport workers and the public.

In recent years we have seen a concerted effort to improve GGE by the transport sector with new technology and policy options being introduced. These actions are having an impact but there is no magic cure. It's a continual fight and with UK population projected to be 71 million in 2031,⁵ from just under 61 million in mid 2007,⁶ the strain on UK transport will only increase along with GGE, unless we do all we can now to manage the impacts better, as well as protecting and strengthening local economies.

EA Code	Economic Sector	1990	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	Buses & coaches as a % of total UK emissions	0.6%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%	0.6%	0.7%	0.8%
	Transport sector as a % of total UK emissions	7.75%	9.7%	10.2%	10.7%	11.0%	11.3%	11.8%	12.2%	12.5%	13.2%	13.5%	12.8%

Clearly, it can be seen that buses and coaches are not the main GGE perpetrator in the UK transport sector. In fact, when some people take a bus or a coach rather than drive in individual cars, we can all benefit from cleaner air. You may hear people complain about the exhausts that buses and coaches produce. But from the perspective of the community as a whole, the real issue is the per-mile difference in emissions between bus and coach travel and car travel. A bus and a coach do produce more exhaust than a car, but it also transports more people. In net terms, bus and coach travel reduces air pollution. Although, as an aside, Unite would note that it is our perception that the anti-collective nature of ownership of public transport provision directly collides with its ostensible

⁵ www.statistics.gov.uk/cci/nugget.asp?id=1352

⁶ www.statistics.gov.uk/CCI/nugget.asp?ID=6&Pos=6&ColRank=1&Rank=128

collective role. It is Unite's experience that, in general and with honourable exceptions, many operators place a low priority on the costs of quality maintenance of both their vehicles and their staff.

Bus traffic in particular currently releases lower levels of emissions per passenger kilometre than car traffic. A well used bus service will emit 45-80 grams of CO₂ per passenger kilometre. Compared with an average car which releases 145-260 grams of CO₂ per kilometre for the average car carrying one person.⁷ However Unite acknowledges that for some journeys personal transport is more appropriate than a common carrier, especially in a deep rural area.

Coaches are in fact the lowest emissions way of travelling between cities⁸, and unlike other transport systems (trains, planes) could be quickly expanded without massive infrastructural investment being needed. As with city buses, deregulation in the early 1980s meant many of the less profitable routes being cut. Therefore, many environmentalists see improving coach services as vital (which would require integration, through ticketing and re-regulation). For passengers, one of the main drawbacks of coach travel has always been the time spent crossing the towns and cities. To address this problem, George Monbiot, the environmentalist, has strongly advocated coach 'hubs' at motorway junctions on the edge of cities, which are accessible by improved city transport.⁹

In addition, when some people take a bus or a coach rather than drive in individual cars, we all benefit from a reduced demand for parking. Of course there's money to be saved for every parking space that employers don't have to build or maintain, but there are also important environmental benefits to not building parking, too. By not building parking, we reduce the rate at which land surrounding the urban area is gobbled up, and we refrain from putting additional stress on local waterways with more storm runoff.

⁷ www.campaigncc.org/Howdoesairtravel.doc

⁸ www.climnet.org/publicawareness/transport.html

⁹ <http://www.guardian.co.uk/commentisfree/2008/dec/02/climate-change-lord-turner>

It is worth our making the incidental, yet vitally important point here, that Unite has long advocated the 'hypothecation', or dedicated use, of special taxes to fund the provision of a massively expanded public transport provision. But Unite has also long resisted the blandishments of those who advocate road pricing, road user charging, toll roads and other forms of taxation.

Road pricing is the direct charges applied for the use of roads. These road charges includes fuel taxes, licence fees, parking taxes, tolls, and congestion charges, including those which may vary by time of day, by the specific road, or by the specific vehicle type, being used. Road pricing has two distinct objectives: revenue generation, usually for road infrastructure financing, and congestion pricing for demand management purposes. Toll roads are the typical example of revenue generation. Charges for using high-occupancy toll lanes or urban tolls for entering a restricted area of a city are typical examples of using road pricing for congestion management purposes.

Unite's main concern has been that such taxes are inevitably regressive in character, ensuring that the poorest in society pay disproportionately for them. Whilst those with access to company funding, or who are themselves pretty well-off, will merely pay the charge and motoring behaviour will not be affected, unless the charges are enormously punitive, but that would be politically difficult to steer through. Since the avowed purpose of such charges is to do precisely this and to fund public transport alternatives, this would seem to negate the very point. Moreover, Unite is aware that existing road tax arrangements, not being hypothecated have devalued public trust, whilst governments faced with declining revenues in, for example tobacco taxation, may simply relish the prospect of new means to tax the ordinary working person.

Unite varied its long-standing opposition to road charging in the case of the London congestion charge, largely since there was confidence in the objectives of the political force, in the shape of the London Mayor and Assembly, of the time. To some extent, this confidence was justified but times have changed in

more ways than one. The recent experience of the referendum in Greater Manchester, which saw a massive rejection of the proposed congestion charge, suggests widespread suspicion as to the aims of the government in respect of the Transport Infrastructure Fund.

For Unite, this may raise the prospect of our campaigning harder for our existed, long-standing policy alternative to road pricing - that of the payroll public transport levy. Such a tax has been successfully and widely used in France for the last quarter of a century to fund public transport. The conception is that businesses with more than 10 employees have an obligation to pay wider society for their requirement for employees to travel to work. The bus, rail and metro system of Paris is almost entirely funded through such a payroll tax of 2.2% on employment costs and this generates well over €2 billion a year with no obvious deleterious effect on employment having arisen. The fiscal effect of revenue generation of such a tax on the finance sector in City of London, had there been one over the past 25 years, is easy to imagine.

In France, the tax is set as a percentage of the total wage bill and is paid by the employer. A cautious estimate of the application of such a tax in the UK is that some £15 billion – about seven times the current public expenditure on bus provision – could be raised if the tax were set at around 2.5%. To those who would be concerned that an employment-related tax is the last thing that is needed in a period of rising unemployment and recession, a public transport payroll tax could be offset, or allied to, Corporation Tax, which is already extraordinarily low. Moreover, the notion that businesses (especially banks!) should be ready to pay back something to the wider taxpayer in the form of a demonstrable benefit for all, would surely be massively popular.

Only by making public transport a safe and comfortable alternative can we gain the benefits of seeing people taking a bus or coach rather than drive in individual cars and the resulting reduced congestion on the roads. The Department for Transport has forecast in the past that road traffic in the UK will increase by

between 24% and 51% from 1996 to 2016.¹⁰ So unless public transport plays a larger role in the way our community grows, drivers will spend more and more time sitting in their cars in the years to come, using more petrol, creating more exhaust fumes.

Beyond the inconvenience increased traffic congestion means for drivers and a certain economic wastefulness, it also creates an environment that is hostile to other means of transportation. As streets become more crowded with cars, they become more dangerous for people who walk or bike, in effect creating pressure for them to drive, too. Clearly, not everyone in our community is going to use a bus or coach service to get from place to place. But that does not make the benefits of a bus or coach service to the community any less real.

Conclusion

Unite believes that a regulated bus market is just one of the truths that the bus industry must face up to. The bus industry and the public transport sector must become an attractive proposition that will encourage more people out of their cars and into public transport. In order to achieve this buses and public transport have to find new ways of meeting its sustainable challenges.

For Unite, it is natural that it should first and foremost consider that this means improvements in terms and conditions for drivers and transport workers. Unite's main point in existing is, after all to promote the well-being of our members. Moreover, it is our contention that an improved working life for public transport workers will flow through into wider benefits for all and that questions of sustainability go beyond simple questions of direct environmental gains. Reductions in the amount of GGE omitted by transport vehicles and a lifting in the standards required are intimately linked to the need for a cultural shift from personal to mass forms of public transport. Making this the viable option requires that an integrated transport system is in place.

¹⁰ www.dft.gov.uk/pgr/roads/environment/cvtf/theenvironmentalimpactsofroa3793?page=2

From a public/customer perspective this means promotion of public transport - By promoting public transport hopefully people will be encouraged to leave their cars at home and use public transport or walk or cycle. High availability, attractive pricing & more reliable - Passenger numbers will increase if there is a broader offering of public transport options at a lower price which are more reliable. Through ticketing – One ticket used for all forms of transport making public transport more appealing to use. Creating car free zones - To raise awareness on energy conservation, vehicular pollution (both air and noise) and to improve the quality of life and economy of the local community. Creating a positive bus environment - Bus priority at traffic lights, bus gates, bus lanes, bus only roads/segregated bus ways.

So Unite believes the key areas are a shift from private to public transport in a regulated market, better working conditions (in terms of pay, driving/working hours and rest periods as well as actual physical working conditions in drivers cabs/cabins and garages), improved travelling conditions (quality, availability and price) and greener forms of transport.

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