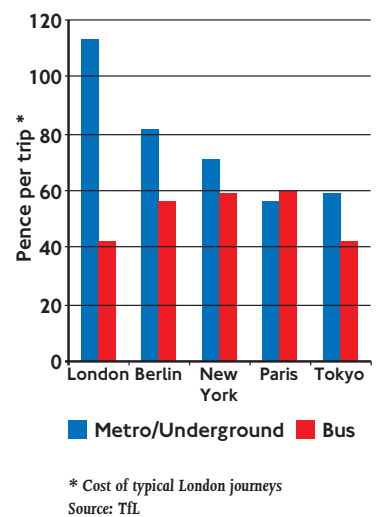


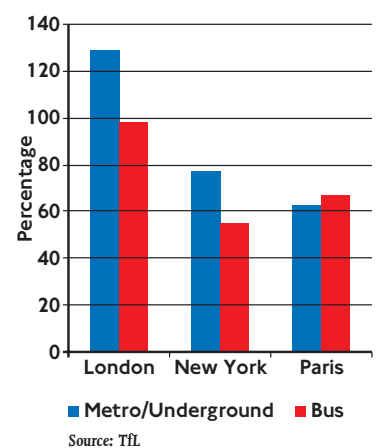
## 4B fares and tickets to make public transport more attractive

- 4B.1 The integration of London's public transport system through Transport for London (TfL) allows fares and ticketing policies to be devised to further the objectives of the Transport Strategy as a whole.
- 4B.2 Londoners' expenditure on transport is significantly higher than that in the rest of the UK. In part, this reflects the increase of over 60 per cent in real terms of bus and tube fares in London over the past 25 years. Fares rose particularly steeply during the early 1990s, as the then Government shifted more of the costs of public transport from Government to passengers. The rise in the cost of public transport relative to the costs of car use (see figure 2.16 in chapter 2 – *challenges*) created a powerful economic mechanism favouring car use over public transport. The Mayor believes that the funding of public transport must be improved to permit the reversal of this economic mechanism so that the profile of relative costs encourages more travellers to choose public transport. The Mayor's fares policy reflects this objective within the context of the resources available to him.
- 4B.3 The share of funding for public transport operations borne by passengers in London is also very high by international standards. In 2000/01, nearly 100 per cent of the direct operating costs of London's bus services was funded from fares and from the boroughs through concessionary fare compensation. On the Underground, revenue from fares exceeded day-to-day operating costs by 30 per cent.
- 4B.4 A study carried out by TfL in 2000<sup>1</sup> showed that Londoners pay some of the highest Underground fares in the world for what has been a deteriorating service. Using comparative figures for 1999, fares on the London Underground are double those of Paris and Tokyo and about a third higher than New York and Berlin. In both Paris and New York, a substantial proportion of the cost of operating public transport is met from taxes. This reflects a recognition of the wider economic, social and environmental benefits of affordable public transport to underpin successful, wealth generating world cities. Figures 4B.1 and 4B.2 illustrate the fares and funding comparison with other world cities. High fares also exacerbate social exclusion by disproportionately affecting those with low incomes, reducing their access to the transport system.

**figure 4B.1 World city fares (1999 at 1998 prices)**



**figure 4B.2 World city fares income as percentage of operating costs (1998)**



4B.5 A priority of the Strategy is to simplify and hold down fares, as resources permit, whilst recognising the contribution fares revenue can make to improving services. The purpose of this is to help encourage a shift to public transport, complementing the proposed central London congestion charging scheme and guiding increases in demand towards the less crowded parts of the system. The London Travelcard and the Freedom Pass for older, disabled and blind people (funded by the boroughs) will be retained and developed including exploring means of linking the Travelcard to leisure attractions and events. Where resources permit, other fare concessions will be reviewed and, if appropriate, extended. Inconsistencies in the approach to ticketing between different modes will be addressed as resources permit.

**Policy 4B.1** In line with the Transport Strategy, the Mayor will argue for London to retain a larger proportion of its large net contribution to the UK economy to invest in the Capital's transport system.

**Policy 4B.2** Fares policy will aim to make public transport more attractive and affordable, with more consistency between modes, greater simplicity and convenience for passengers, shorter queues and quicker journeys.

### Fares proposals

4B.6 The Strategy proposes a three year commitment to freeze bus fares and hold Underground fares to the level of inflation as part of an integrated approach to tackling congestion, by making public transport more attractive.

4B.7 Despite the very high levels of Underground fares compared with other major cities, overcrowding on the Underground and likely continuing passenger growth mean that reductions in Underground fares prior to increasing capacity would worsen overcrowding. On the other hand, bus fare initiatives, in parallel with service improvements, have the potential to alleviate rail overcrowding and offer a real alternative to the car, because capacity on the bus system can be increased more rapidly.



- 4B.8 Further targeted fares initiatives and reductions will focus particularly on buses and will be developed as resources allow. The criteria for assessing these initiatives will include:
- encouraging a shift from car to public transport, and complementing congestion charging;
  - promoting the more effective use of public transport's capacity by encouraging travel when demand is relatively slack or where additional service capacity can be provided at reasonable cost;
  - promoting social inclusion, by making access to public transport more affordable for less well off groups;
  - improving transport integration, by making complex public transport trips easier and less expensive;
  - making public transport more efficient, for example by simplifying fares to speed up boarding times on buses.

**Proposal** 4B.1 The approach to public transport fares over the next three years will include a bus fare freeze and capping of Underground fares in real terms. Further selective fare initiatives and reductions will be considered, as resources permit.

- 4B.9 The Mayor does not determine fares on National Rail services, but the Strategic Rail Authority (SRA) must consult the Mayor on fares decisions. TfL will explore the scope for joint initiatives benefiting all rail passengers in London with the Train Operating Companies and the SRA. The Mayor will use the formal consultation process to promote fares integration.

### **Ticketing strategy**

- 4B.10 A theme of the Mayor's fares policy is making the ticketing structure simpler and easier for passengers to use and understand. A simpler structure has the potential to produce efficiency and quality benefits, and to improve transport integration. At the end of 2002 Smartcard ticketing will be available on buses and the Underground through TfL's PRESTIGE project, and will play a central role in the development of TfL's ticketing strategy.

- 4B.11 Smartcards are tickets that act like an 'electronic purse' or phone card for public transport. They will allow those passengers who do not want a pass or Travelcard to pay for individual journeys without needing to pay cash each time; and facilitate a fares system that is more flexible and responsive to passenger requirements. In the longer term, Smartcards could also offer the potential for linking payment for fares with that for a range of other activities such as cultural and leisure activities.
- 4B.12 Freedom Passes for older, disabled and blind people, Travelcards, and Bus Pass season tickets in Smartcard format will be simple, quick and convenient to use. Smartcards can also facilitate discounted fares and simpler ticketing for bus-to-rail and bus-to-bus journeys. The SRA and the Train Operating Companies will be expected to deliver the maximum compatibility between TfL's Smartcard system and National Rail ticketing. TfL and National rail partners should also seek to maximise compatibility with the emerging national Smartcard standard.
- Proposal** 4B.2 Transport for London (TfL) will develop targeted fares options using Smartcards to offer benefits to passengers, increase use and reduce delays, as resources permit. In the longer term, opportunities to combine Smartcard use with payments for other activities should be considered. The Strategic Rail Authority and Train Operating Companies will be expected to maximise compatibility between National Rail ticketing and the TfL Smartcard system.
- 4B.13 From the end of 2002, Smartcards will be phased in over the period of a year. This is likely to start with season tickets, followed by the introduction of stored value ticketing, and eventually Freedom Passes. From day one, Smartcards will be valid on bus and Underground and at the earliest opportunity also on Docklands Light Railway and Tramlink. The timescale for the wider introduction of stored value ticketing using Smartcards to National Rail services in London has not yet been agreed. Ideally this would be accompanied by the restructuring of National Rail single fares along zonal lines.

### Complementing central London congestion charging with a flat rate 70p bus fare

- 4B.14 The fares strategy will complement the proposed introduction of a congestion charging scheme in central London.
- 4B.15 In late 2002, a 70p flat rate bus fare will be introduced ahead of the proposed introduction of a central London congestion charging scheme, to give a single flat fare across London. This will make buses more attractive for short distance trips in, to and from the centre. The arrangements for off-bus ticket sales will be reviewed; the case for new tickets and improved retailing examined; and a priority for Smartcards will be to make bus-to-bus and bus-to-tube journeys more attractive.
- 4B.16 Provided resources allow, further fares initiatives will also be considered for the Underground and National Rail. On the Underground, one possible option is a fare reduction for people shifting their journeys from the peak to pre-peak. The scope for and benefits of simplifying Underground fare zoning in outer London will be considered. On the railways, measures to improve fares integration will be considered with the train operators and the SRA, with a view to making complex through-journeys cheaper and simpler. Two specific priorities are developing a simpler integrated zonal system for single rail journeys across London, and early introduction of a National Rail Smartcard ticketing system.



**Proposal** 4B.3 A flat rate bus single fare of 70p across London will be introduced ahead of the central London congestion charging scheme.

### Bus fares

- 4B.17 Recent bus fares simplification has proved successful and the proposed flat rate bus fare will make bus travel still more attractive. However, handling cash on buses is slow, and proposals will be developed to increase the attractiveness of off-bus tickets. In May 2001 simplified and cheaper bus passes and a new bus 'carnet' bundle of discounted tickets, costing 65 pence a ticket, were introduced. Initiatives that support the introduction of the 'cashless' bus will be progressed including increasing the number of 'off-system' sales outlets. This will greatly reduce the time buses spend at stops while passengers board, so improving overall journey times.

### Croydon Tramlink fares

- 4B.18 As with buses, where resources permit, Tramlink fares will be simplified and better integrated with other modes. A single flat fare and acceptance of bus passes will be options. Extending the validity of Smartcard to Tramlink will be progressed at the earliest opportunity, subject to budget availability.

### Underground and Docklands Light Railway fares

- 4B.19 A package is proposed where fares are pegged to inflation for both the Underground and Docklands Light Railway over the next three years. Even so, the zoning system for the Underground is in need of review. The introduction of Smartcards offers opportunities for fine-tuning fares to encourage use at times and in places where the system is least crowded.
- 4B.20 Subject to the availability of resources, targeted fare initiatives will also be developed to help make the Underground more available to groups who may currently be excluded because of cost.

Proposal 4B.4 For bus, Underground, Docklands Light Railway and Tramlink fares, simplification initiatives will be pursued, as resources permit, together with targeted initiatives aimed at making fares more affordable for those currently excluded from using public transport by cost.

### National Rail fares

- 4B.21 The fare structure for cash journeys on National Rail is complex. Adopting a common fare structure with the Underground would both simplify National Rail fares and create real consistency. However, to achieve this requires consideration of balancing London fares with those beyond the edge of London, and an initiative to include through ticketing without additional cost could be very expensive. Work is under way with the SRA to investigate what can be achieved, including ensuring maximum compatibility of Smartcard tickets across both National Rail and TfL services.

Proposal 4B.5 Transport for London and the Strategic Rail Authority should seek to develop a common ticketing and fare system for rail in London, aiming for simplification, integration and consistent Smartcard ticketing.



**Taxi and private hire vehicle fares**

- 4B.22 Taxi fares are currently reviewed annually, based on a formula that reflects taxi operating costs, earnings in comparable occupations and other factors. This basic approach will be retained. There is also scope for some fine-tuning in consultation with the taxi trade and other stakeholders, in particular to encourage a greater supply of taxis at night. (see chapter 4N – *taxis, private hire vehicles and community transport*).
- 4B.23 In the medium term a more fundamental review is likely to be needed to address the shortages of taxis in many locations. The shortage of taxis at particular times of day will also be a factor in setting taxi fares. Once Smartcards are in place, there may also be opportunities to use them to help integrate taxi and public transport fares.
- 4B.24 The Mayor has no powers to set private hire vehicle (minicab) fares. Opportunities for private hire operators to accept Smartcards following the licensing of private hire vehicles will be examined.

## Reference

- 1 Transport for London, *International fares comparisons: London – Paris – New York*, 2000