

FAIR FARES

REBUILDING SCOTLAND'S
PUBLIC TRANSPORT
THROUGH ACCESSIBLE
AND AFFORDABLE
TICKETING

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INTRODUCTION



A strong public transport network is essential for a socially equitable transport system and to deliver the road traffic reduction necessary to meet our climate targets. The Scottish Government has committed to delivering a 'Fair Fares Review' and this is our contribution to that process and to the wider debate around the future of public transport in the context of the impact of the pandemic's impact and the ongoing cost-of-living crisis.

This report reviews the current cost of public transport to users from different groups and how this impacts access to public transport. We have also considered some examples of how other countries finance and provide affordable public transport. The report concludes by providing recommendations to be considered by the Scottish Government's Fair Fares Review.

The research for this report was carried out by members of the Transform Scotland Policy Forum, which prepared and discussed a series of papers that are summarised in this report. This is not an exhaustive list of topics that should be considered by the Fair Fares Review but we trust that this will provide useful background and recommendations on key issues that should be examined as part of the Fair Fares Review.

In August 2021 the Scottish Government announced its intention to set up a **Fair Fares Review** as part of its agreement with the Scottish Greens. The shared policy programme commits to

“[...] commission[ing] a Fair Fares Review to ensure a sustainable and integrated approach to public transport fares. This will look at the range of discounts and concessionary schemes which are available on all modes including bus, rail and ferry. The review will consider options against a background where the costs of car travel are declining and public transport costs are increasing, exacerbating the impact on those living in poverty.”

This intention has been reiterated in various policy documents including the 2021/22 Programme for Government and the route map for reducing car traffic ‘Reducing car use for a healthier, fairer and greener Scotland’.

Public transport in Scotland had already been struggling pre-pandemic, with increasing costs of running services leading to both **higher passenger fares** and a **decline in patronage** (particularly bus use). The pandemic has exacerbated these problems and, even as car travel has recovered to or above pre-pandemic levels, public transport patronage has yet to recover to the same levels. This has left **public transport operators much more dependent on public funding** than they had been previously.

In addition, public transport operators are faced with **changed travel patterns**. Fewer people are travelling during peak hours, while leisure use has increased in some areas. The **cost-of-living crisis** is creating added pressures. Operating costs for transport operators are rising, as they are for all businesses. But raising public transport fares, which have already been rising above inflation in recent years, would put unacceptable financial strain on many who are already struggling to afford using public transport.

Transport also remains the sector with the highest **climate emissions** in Scotland and there has been virtually no progress in reducing transport emissions in three decades. Ensuring the availability of affordable and attractive public transport options will be key to reducing carbon emissions from transport.

As such, the Fair Fares Review has numerous challenges to address. We would propose that the Review must be clear on how it will tackle these factors:

SOCIAL AIMS

- To reduce, and then end, transport poverty.
- To deliver a more comprehensive provision of, and accessibility to, public transport.

CLIMATE AIMS

- To deliver significant modal shift away from individual motorised transport towards public and active transport, in accordance with the sustainable transport hierarchy.
- To continue the decarbonisation of public transport.

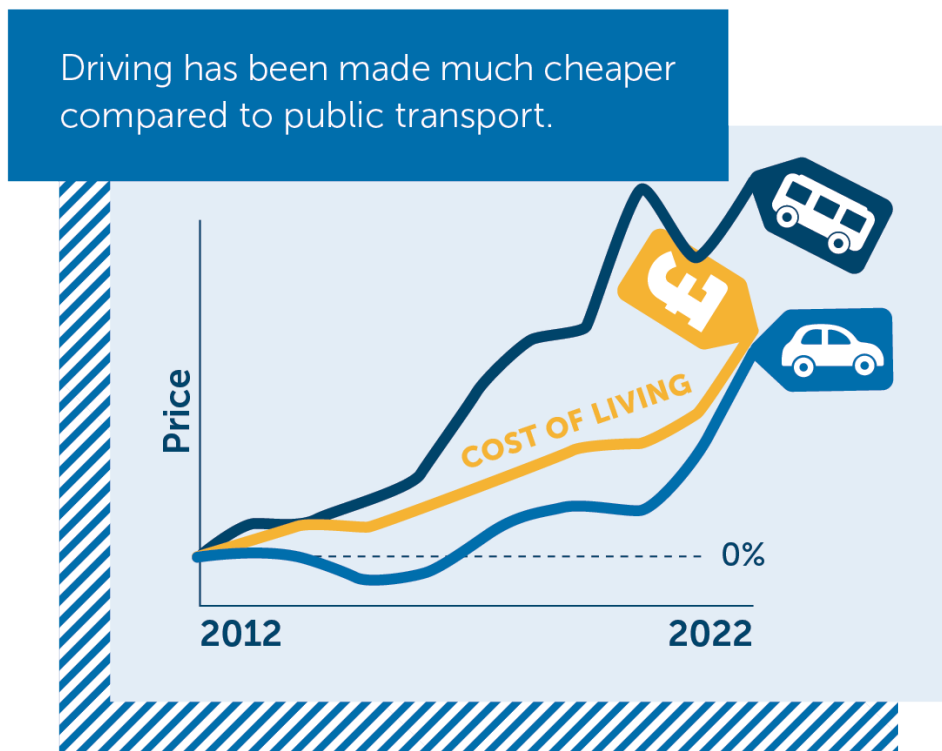
ECONOMIC AIMS

- To ensure that transport is affordable to users.
- To ensure that transport is affordable to society overall, and that the total cost of travel be borne fairly and equitably.

COST COMPARISONS: PUBLIC TRANSPORT VERSUS PRIVATE TRANSPORT

Over the last two decades public transport costs have not only risen relative to costs of driving, but considerably above the rate of inflation. There is a need to restore a balance in order to achieve a fair and equitable transport system that also meets climate emergency requirements.

This chart presents a simplified representative of comparative costs of bus travel against car travel in the UK over the past decade.¹ The differences in cost trends have been significant, with **bus travel becoming increasingly more expensive** for the user. The cost of bus transport rose significantly (over 60%), well ahead of average wages and the cost of living.



Cost of travel change in the last 10 years

Rail travel has mostly tracked increases in wages and inflation, rising slightly above both. Rail fares were regulated to follow the RPI prior to 2004 and after 2015. Between 2005 and 2014 fare increases were regulated to RPI+1%. Small increases prior to 2004 are likely due to variations in the ticket types on offer.

Meanwhile the **cost of travel by car was falling in real terms over much of the past decade** and has only been rising in line with inflation over the past year. Increasing EV uptake will likely progress this decline. As electric vehicle adoption drives motoring cost down for the end-user, this further undermines the essential modal shift along the transport hierarchy, while moving an ever greater share of its cost burden to the public domain.

Due to the essential nature of transport in modern society, the increasing cost of bus travel in particular is a regressive burden, as bus transport is more commonly used by those on lower incomes. There are also geographical concerns, as rural and peripheral households often spend a higher proportion of their budget on transport.

There are many possible interventions which could be applied to make car use more expensive and to make public transport cheaper.

On the public transport side, the focus should be on **reducing the cost of travel**. This can be achieved through universal changes to ticketing/prices, or through selective changes to ticketing/prices. Selective interventions can be based on geography e.g. distant islands allowances, or social grouping e.g. age related concessions. There are also instances where specific bus routes/corridors are subsidised.

Scotland already operates a model of making public transport cost equal to driving when it comes to connections to the Western Isles. The Road Equivalent Tariff ensures that the cost of travel from the mainland to the islands by ferry does not

exceed the cost of driving an equivalent distance. The current formula to calculate RET is a fixed element of £2 per passenger plus £0.13 per mile and £5 per car plus £0.80 per mile. If the same principle was applied to other types of public transport, significant savings for some passengers could be achieved, particularly for those travelling medium to long distances by public transport. For instance, a ticket from Stonehaven to Montrose currently costs £10.80 by train and £9.40 by bus. With RET applied the same journey would cost £5.03 (although may vary slightly depending on the route taken).

On the private car use side, interventions to make car ownership and use more expensive fall into several distinct groups: (1) tax/financial levers, (2) parking controls, and (3) regulation of car use.

1. Fuel duty, VED and VAT underpin the trends in private car use costs over time, and have done nothing to counter long-term reduction of costs; in particular, due to the UK Government freezing fuel duty rates for over a decade, leading to real terms reduction in fuel duty. There is potential for all/some of these to be adjusted in the future and to raise the costs of motoring generally. Furthermore, it is worth noting that EVs have benefitted from several tax subsidies (e.g. zero VED until the announcement in the 2022 Autumn Statement) in this system and, as the vehicle fleet electrifies, the tax revenue is likely to fall.

2. Parking control is a more fine-grained tool at the disposal of local authorities. There are three elements to this: residential parking permits; destination parking charges; and private non-residential parking levies (including workplace parking levies). In all cases, the availability and cost of parking is managed to shape behaviour and generate revenue. Some local authorities, such as Edinburgh, have introduced higher residential permit costs for second and third cars, and for cars with higher emissions. However, the annual costs of permits are still staggeringly low. The key issue is linking the revenue that derives from these charges to local public transport services, as is the case for the workplace parking levy in Nottingham.
3. Regulation of car use also uses financial levers to discourage use, with the main examples being congestion charging and road pricing. Again, linking the revenue from these projects into improvements and subsidies for local public transport services is an important mechanism.

The following sections of the report discuss the concessions that already exist in Scotland and review examples of some of the private car demand management measures that are listed above where they have been implemented elsewhere.

CONCESSIONARY FARE SCHEMES

Not all public transport users in Scotland are paying full price for their transport tickets, and the most significant scheme to reduce public transport costs for specific users is the **National Concessionary Transport Scheme** (NCTS).

The NCTS, introduced in 2006,² provides free bus travel for all over 60s resident in Scotland³ on almost all bus services⁴ using the National Entitlement Card (NEC). The scheme also includes many disabled people, and has recently been extended to include all Scottish residents aged under 22.

Bus service operators are reimbursed at a fixed rate⁵ of the adult single fare for each journey made under the scheme. When the scheme was first introduced, **reimbursement was at a rate of 73.6%, but it has since been cut several times, and is now 55.9%**. In the last pre-pandemic year, bus operators received about 33% of their income (£216m) from concessionary fares (compared with 9% from LA support, 8% from Bus Service Operators Grant and 50% from fares).

Some local authorities offer additional local **non-bus concessions** to those living in their area. Local authorities in the former Strathclyde Region offer concessionary off-peak rail and subway fares⁶ to the over 60s. Edinburgh offers free travel on trams⁷. Fife⁸, Highland⁹ and West Lothian¹⁰ offer concessionary rail fares. Orkney, Shetland and Na h-Eileanan Siar offer two free passenger journeys a year on ferries to mainland Scotland. And there are concessionary ferry fares for certain residents of Argyll and Bute, Highland and Orkney¹¹. Overall, 64% of over 60s in Scotland are

eligible for some type of additional concession.

USAGE

In 2006, 156 million journeys (33% of total bus journeys) were made with a concessionary pass, representing an average of 161 journeys per issued pass. In 2019, 138 million bus journeys (38% of total bus journeys) were made with a concessionary pass.¹² This represents an average of 96 journeys per issued pass. This change represents a faster decline than that in overall bus journeys, but presumably reflects the fact that some people with concessionary passes do not use them very much.

In 2021, 60+ concessionary fare passes were held by 1.3 million people (24% of the population).¹³ In 2006, they were held by 0.82 million (16% of the population). About half the difference is due to changing demographics: in 2006, the 60+ age group represented 22% of the population, today it is 26%. Scottish transport statistics show that **uptake of concession cards is generally higher in cities than rural areas**. It is particularly high in Edinburgh (113%!), but it never falls below 84% (Scottish Borders and Clackmannanshire).

Unfortunately, there appear to be no statistics on how usage varies by region or council area.

The Under 22s concessionary scheme has been in existence for less than a year, so there is less data available. Overall, uptake was 52% as at September 2022. However, uptake this far has varied widely between

council areas, with Inverclyde and Edinburgh having the highest uptake at 85% and 74%, while the lowest uptake has been recorded in Clackmannanshire and Falkirk, where only about one third of under 22s are signed up for the scheme. These differences might be attributable at least in part to the effort that councils have made to sign up young people for the scheme.

COMPARISON WITH OTHER SCHEMES

Similar schemes exist in England, Wales and Northern Ireland. In England, the qualifying age is 66, travel is only allowed after 09:30 on weekdays and express coach services such as National Express and Megabus are excluded. In Wales and Northern Ireland, the qualifying age is 60, and there are no time of day or service restrictions. Wales provides free, off-peak travel on certain rail branch lines. Jersey, Guernsey and the Isle of Man all have similar schemes. London and Liverpool both operate schemes which provide residents with free local bus, rail and tube from age 60.

The only other country which operates a national free concessionary travel scheme aimed specifically at the elderly is Ireland.¹⁴ Norway provides a discount of 50% for those over 67. Paris provides free travel for over 65s with more than three years' residence and a monthly income of less than €2,028. Several countries and regions have schemes which provide a discount to over 60s or over 65s using a relatively cheap card, but the discount is generally less than 50%. Recent **moves towards providing free or low cost public transport in countries such as Luxembourg, Malta, Austria and Estonia emphasise the universality of the provision.**

IMPACTS OF THE NCTS

The original objective of the NCTS was to **improve social inclusion**. Transport statistics¹⁵ show that 28% of over 65s do not have a driving licence, or do have one but never drive. This rises to 45% if only those over 80 are considered. And around 80% of bus journeys are made by non-drivers. As discussed above, bus fares have risen while the price of motoring has risen by less than the cost of living. Over this period **the NCTS has played an important role in maintaining access to transport** for many 65+ people on low incomes.

As people age it also becomes harder to walk or cycle short distances. 78% of those aged 20-29 report using walking as a means of transport on one or more days a week. Only 64% of those aged 60-69 do so, and only 40% of those aged over 80.

It is also likely that many of those who possess driving licences but choose not to drive are doing so because they believe it might be unsafe for them to do so (or they have been persuaded of this by partners or children). NCTS makes it possible for them to continue to participate in public life. **The benefits of access to transport extend beyond essential trips to shops**, medical appointments and looking after children and grandchildren. For many elderly people public transport provides social contact with other people.

There is less information available on the impact of the availability of the NCTS on young people. But a report by the Scottish Youth Parliament, published before the introduction of free bus travel for under 22s found that the cost of public transport prevented some young people from participating in activities or placed a high financial burden on them, particularly as under 23s are entitled to a lower minimum wage than their older colleagues.¹⁶

It is questionable whether the NCTS has much impact on travel by private car. **Drivers tend to underestimate the marginal costs of driving** and the poor quality of most bus services probably means that drivers will only consider them when congestion is a serious problem, parking is very expensive, or alcohol is to be consumed. Edinburgh is probably the only location that combines enough of these issues to persuade car drivers to use the bus, even when it is free. However, as there is no data available it is difficult to determine what the impact might be.

Free bus travel obviously provides an incentive for modal transfer from train to bus. Most of the councils that extend NCTS to include discounted local rail travel are in areas that are well served by rail. These schemes are presumably an attempt to discourage such transfer, and local rail services in areas such as Edinburgh, East

Lothian, Falkirk and Stirling probably lose a proportion of their passengers to free bus services. Nationally the effect is probably more significant. Many express coach services such as Glasgow/Edinburgh and Aberdeen/Inverness¹⁷ compete with trains, and the fact that they are free to passengers with a concessionary pass encourages transfer.

Despite its many benefits for those that are eligible, the **NCTS has also been criticised for its intergenerational unfairness**. Free bus fares for over 60s contrast with more expensive bus fares for everybody else, especially outside the metropolitan areas.¹⁸ This has been mitigated to some extent by the introduction of free bus use for under 22s, but does not address the problem of high bus fares for those between the ages of 22 and 60.

COST BARRIERS TO ACCESSING TRANSPORT FOR DISABLED PEOPLE

The NCTS also extends to disabled people. There are additional schemes and, in some cases, different structures, which will be discussed in this section. Financial support for disabled people as an enabler to travel is predominantly based on official certification of their disability or their current entitlement to, and receipt of, state benefits. In rare circumstances self-certification may be an option. This presents **a potential gap for those who fail to meet eligibility criteria but nevertheless identify as disabled.**

Below we outline the currently existing available schemes.

BUS

Free bus travel on registered local and regional services under the **National Entitlement Card** is subsidised by all local authorities. Disabled people must first apply for the card after meeting the eligibility criteria. Partial discounts for those who do not qualify are not available. Companions travelling with a disabled person with the +1 symbol on their NEC may travel free of charge. The qualifying criteria for the +1 element of the NEC is different from that of the NEC itself.

RAIL

This is the only travel mode which offers its own discounted travel scheme through its series of National Railcards. However, the Disabled Railcard must be purchased, presenting a **non-refundable up-front cost which some may find unaffordable.** It must also be renewed for the same cost every 1-3 years, depending on the length of validity purchased.

Within Scotland the NEC provides free travel to those registered blind. However, usage varies by local authority; for example, Aberdeenshire residents may travel throughout Scotland whereas Highland residents are restricted to specific stations/routes. Only three local authorities offer subsidised rail travel within Scotland to those with other disabilities through the NEC. Discounted companion travel is available through the Disabled Railcard, however, varies by local authority through the NEC.

Disabled people have long complained over the **lack of local authority-supported concessionary travel integration with national booking systems.** For example, it is not possible to book a seat for **free rail travel alongside a fare-paying companion** online; this can only be done via a separate phone call.

TAXI

A number of local authorities provide TaxiCard schemes for disabled people, although some have been phased out in recent years (e.g., Aberdeen City (ca. 2008), Aberdeenshire (2021)). **Each local authority has its own subsidy policy**, with some based on distance travelled and some on a proportion of the fare paid. **Schemes have generally remained static**, i.e., the subsidies offered have not kept up with rises in fares mandated by local licensing regulations.

Recently the Scottish Government has enthusiastically emphasised active travel, increased use of public transport and a reduction in vehicle kilometres. However, it should be understood that for a notable number of disabled people, door-to-door transport remains the only viable option. MaaS (Mobility as a Service) and DRT (Demand Responsive Transport) schemes are only available in some areas and other schemes (e.g. Patient Transport, Scottish Ambulance Service) are under severe strain, especially as a result of the Covid-19 pandemic. As such, **taxis remain an essential, but increasingly unaffordable, lifeline for many people**. It should also be noted that disabled people often rely on taxis not only for the physical connectivity, but also for the service or assistance from the driver to complete everyday tasks (e.g. shopping, attending appointments). It is often cheaper to pay taxi waiting times or negotiate fixed price fares than to buy in specialist care (typically £15-£22 per hour).

FERRY

Disabled NEC holders may travel free of charge on ferries wholly within Scotland, however this is limited to two trips per year. This limit also applies to residents of the Western Isles, Orkney, and Shetland (correct as at 2022), something which seems at odds

with their reliance on services on the mainland.

AVIATION

No discount schemes exist for disabled people wishing to travel by air anywhere in Scotland (excluding any statutory waivers or price controls set by the Scottish Government).

COST BARRIERS TO ACCESSING TRANSPORT

The NEC is the principal enabler of subsidised transport for disabled people in Scotland. Apart from the national bus entitlement, other aspects of schemes are individually defined by local authorities including subsidy and coverage. This **lack of uniformity enforces a 'postcode lottery' on disabled people**, increasing detriment to them and the environment in cases where schemes fail to meet their critical needs. Schemes also lack flexibility and adaptability to users' individual circumstances. For instance, some TaxiCard vouchers are issued quarterly (without rollover) instead of annually, which would allow maximising use during the winter.

TRANSPORT POVERTY

Cost is a particularly huge barrier to accessing public transport for low income households. Cost barriers must be looked at in the context of the current **cost-of-living crisis** facing many in Scotland. The rise in energy prices, inflation, and the end of the Universal Credit uplift mean many people's incomes are already being squeezed, leaving less money to spend on travel. The intersectional nature of disability and poverty should also be noted with 31% of disabled people living in poverty (Joseph Rowntree Foundation, UK Poverty 2019/20, 2020).

Low income households face high everyday costs of travel as well as up-front cost barriers to cheaper fare deals (e.g. annual railcards). **Low income households rely on public transport, particularly bus services, to access services and facilities to a larger extent than higher income households do** (Campaign for Better Transport, Buses Matter, 2011). 41% of households with annual income less than £10,000 use a bus at least once per week and only 41% have access to one or more cars (compared to 15% and 96% respectively in households with annual income greater than £50,000) (Scottish Government, National Transport Strategy 2, 2019). Moreover, bus fares have increased a disproportionate amount compared to general cost-of-living rises over the past five years.

Cost as a barrier to accessing public transport is not only an issue for those living in poverty. The high cost of public transport in Scotland means that lower income households who may still be above the poverty line also struggle to afford public transport. Therefore, it may be more helpful

to discuss those in transport poverty, or those facing access poverty. Sustrans suggest households are facing **transport poverty** when they don't have access to essential services or work due to limited affordable transport options (Sustrans, Transport Poverty in Scotland, 2016). This definition is also used by the Scottish Government in its National Transport Strategy. It should also be noted that the impact of cost as a barrier will differ as it intersects with different groups, e.g. those living in urban versus rural areas.

There are limited concessionary schemes for those on low incomes, living in poverty or in receipt of benefits. The few that exist are limited in scope and include: the Jobcentre Plus Travel Discount Card¹⁹ (a National Rail scheme for those claiming Jobseekers Allowance or Universal Credit) and free travel on ScotRail services for the first month of employment for clients of the Wise Group.²⁰

There are two main cost barriers for those living in poverty:

1. **High cost of transport is the greatest barrier. In 2020 the UK poverty line for a single adult (after housing cost) was £141 per week, whereas a weekly Lothian Buses ridacard is £20 per week which is around 14% of weekly income (after housing cost).**²¹

2. **Upfront costs for fare deals.** Some operators operate cheaper fare deals, however these are often an additional barrier rather than an entryway to using public transport as cheaper fare deals require an upfront lump sum which is unaffordable to many. For example, on Lothian Buses an annual ridacard is £600 upfront. This works out at £11.50 per week. Meanwhile, a one week ridacard is £20 per week, meaning those unable to spend a large upfront sum are paying almost twice as much.

Being unable to access public transport hinders the ability of people to participate in society and can negatively impact their physical and mental health, limit economic opportunities and cause economic hardship. Lack of affordable public transport may also encourage higher car ownership levels as it forces people into choosing cars over public transport (**'forced car ownership'**).

FUNDING AFFORDABLE PUBLIC TRANSPORT: SOME INTERNATIONAL EXAMPLES

This section of the report introduces some international examples of approaches taken to provide more affordable public transport. It is by no means exhaustive, but indicates some active projects and, where available, some insight into levels of investment and outcome. Some examples focus specifically on fare reduction, others are broader and consider service improvement and provision, not necessarily cost to passengers.

There are many examples of innovative financing as a means of improving infrastructure and service, but fewer examples of the affordability of fares being the primary driver or area of focus for improvement in isolation.

TAXES AND LEVIES

Since the 1970s, the **Versement Transport (VT)** has been a **dedicated employment levy** placed on French employers within a transit service area. It serves to levy yearly funds from businesses and employers, in order to build and maintain transport links with strong connectivity in the region. The funds gained directly finance public transport initiatives, thus encouraging the workforce to use high-quality public transport services to access places of work, and create high public transit interconnectivity within the region.²²

In 2006, Seattle voters passed a nine-year, \$365 million **levy for transportation**

maintenance and improvements, known as **Bridging the Gap**, which ran until 2015. The levy was complemented by a commercial parking tax. The levy provided close to 25% of SDOT's funding. It has been used to provide maintenance to the network, improving transit service, rehabilitating bridges, and making our sidewalks, streets, and other structures safer.²³

In November 2016, LA County, California passed **'Measure M'** - the Los Angeles County Traffic Improvement Plan. It created a half cent **sales tax** to fund the building and expansion of the Metro Rail and bus rapid transit networks, bike and pedestrian infrastructure, first/last mile connections and more. LA County built a broad coalition of supporters to win support for the measure, which won 71% approval when put to public vote – more than the two-thirds it required. Measure M was expected to generate US \$120 billion in revenue over the next four decades.²⁴ The tax will increase to one-cent when the existing Measure R tax expires in 2039 – Measure M will bring in \$860 million annually for decades. This money will fund transportation projects and sidewalk improvements, pothole repairs, cycling infrastructure, bike share expansion, and a network of greenways.²⁵

CONGESTION CHARGING, PARKING CHARGES, AND WORKPLACE PARKING LEVIES

There are an increasing number of examples whereby road charging is being used to generate revenue for public transport provision. For example, in **Milan**, the **Zona C congestion/pollution charge**, launched in January 2012 collected nearly US\$28 million in its first year of operation, of which 36% was used to cover operating costs, 49% invested into improving metro and services and surface transport (buses and trams), and 15% on the expansion of the cycle hire scheme BikeMi (54 new docking stations and 3,300 new bicycles).²⁶

In **Barcelona**, **parking charges** are managed by the city's transport authority and used as the main source of funding for the city's Bicing bicycle sharing scheme.²⁷

Nottingham introduced the **Workplace Parking Levy scheme** in 2012. It is a charge on employers who provide workplace parking. The Council introduced the scheme to tackle congestion, by both providing funding for major transport infrastructure initiatives and by acting as an incentive for employers to manage their workplace parking provision. Money raised from the WPL has helped to fund NET Phase Two (the extensions to the existing tram system), which now carries more than 17m passengers a year, as well as the redevelopment of Nottingham Station. It also supports the popular Link bus network. Employers, rather than employees, are responsible for paying any WPL charge, although employers can choose to reclaim

part or all of the cost of the WPL from their employees. The current charge is £458.²⁸

CLIMATE FUNDS

In **Canada**, the **Toronto Atmospheric Fund (TAF)** was established by the City of Toronto Council in 1991 to finance local initiatives to combat climate change and improve air quality in Toronto. A \$23 million endowment, coming from the sale of a City-owned property, was established. In 2016, the Province of Ontario provided a \$17 million endowment to enable TAF's services to be offered throughout the Greater Toronto and Hamilton Area. In 2019, the Government of Canada committed to provide TAF with a \$40 million endowment. TAF does not draw any funds from City, Provincial, or Federal tax bases.²⁹ In 2020, TAF provided CAD\$1955,890 support for a project to scale up Zero Emission Transit in the Region of Durham. This project will support Durham Region Transit (DRT) in securing the necessary capacity and data to plan the effective transition of their bus fleet to zero-emission technologies, and to design a dedicated bus depot for zero-emission buses. To achieve this outcome, DRT will gather information while piloting eight electric propulsion buses and four charging technologies.

FREE PUBLIC TRANSPORT

Tallinn, Estonia, is the largest city to offer **free public transport** so far. It has a population of 420,000, with a transport network consisting of five tram lines, eight trolleybus lines and 57 bus routes. Before the change, public transport was subsidised to the tune of 73% which was unsustainable as the service was still unaffordable for many. Since 2010, free travel has been offered to

residents and to visitors who park at Park and Ride sites. The scheme covers the whole municipal transport network including bus, tram and trolleybus fleets, a total of about 600 vehicles. From October 2013, commuter trains inside the city limits were included, but this represents just 2% of trips.

Parking prices have been increased in tandem with free public transport. A key objective for the measure was to increase the number of residents registered in Tallinn, which attracts a contribution of about €1,000 (£860) per person from income tax. On this basis, the city more than covered the loss of fares, with a surplus of €2m (£1.7m). One unintended consequence is that walking rates have dropped in the city, with more people using public transport. 11 out of 15 counties in Estonia have since opted to provide free transport. In those counties, public transport trips increased by an average of 32% in the second half of 2018.³⁰

Luxembourg also introduced free public transport in 2020.³¹

FLAT FARE TICKETING: A 'CLIMATE TICKET' FOR SCOTLAND?

In addition to exploring innovative funding options such as those discussed in the section above, we consider that Scotland's transport sector and emissions targets can benefit from an **alternative ticketing system** which makes public transport use simpler and more accessible for passengers.

As discussed above, public transport costs in Scotland have been rising well above the level of inflation or increases in wages for over a decade. But cost is not the only factor that discourages public transport use though. The **complexity of fare structures** and the **lack of integration between operators** in most parts of Scotland limits the flexibility of users and makes the system difficult to navigate for anyone who is not familiar with it.

We are seeing the consequences of rising costs, the complexity of the system and other problems in patronage numbers. Rail journeys have not been as affected and have even seen some growth in past years but bus fares have been on a steady decline for decades. This is contributing to a **downward spiral**, where fewer passengers make bus routes less economic and subsequent higher fares or reduced services make bus use less attractive, reducing patronage even further.

These trends are particularly worrying in the context of the cost-of-living crisis and the escalating climate crisis. Both crises are closely linked to public transport through the need to retain the affordability of travel (although even before the cost-of-living crisis transport cost was putting a significant burden on many low income households) and through the need to reduce climate emissions. The aim for a **reform of ticketing in Scotland** must be:

- a. To ensure public transport remains affordable and attractive for those that are already using it.
- b. To ensure public transport pricing and fare structures can compete with the cost and attractiveness of driving to encourage people to switch from private cars to public transport.

Public transport needs to break free from the current vicious cycle. As part of this, cost, complexity and availability need to be addressed. This section of the report will focus on two of these aspects, cost and complexity, by looking at the potential that introducing affordable and simple flat fare ticketing might provide.

FLAT FARE TICKETS

Flat fare tickets are already available from many Scottish transport operators in the form of weekly, monthly or annual passes, and SPT in Glasgow offers passes that cover multiple operators. However, these passes are often expensive and mostly do not allow interchange between multiple operators or transport modes. Scotland requires **flat fare tickets that work across operator and modal boundaries**, offering affordable tickets that integrate all public transport in their covered area. Specifically, we examine

the ticketing options in Austria and the 9-Euro-Ticket in Germany.

It should be noted that there are many other examples of flat fare tickets in other countries, including those that are only valid for trains. We have chosen to focus on the German and Austrian examples because the aim is to consider tickets that would facilitate the most common public transport journeys in Scotland, which are relatively short journeys, predominantly made by bus but which would integrate the wider network.

THE VIENNESE 365-EURO-TICKET

The **365-Euro-Ticket** was introduced in **Vienna** in 2012 as the new annual ticket for public transport in the Vienna core zone. The previous ticket had cost €449 and plans for raising ticket prices were under discussion at the time. The new 365-Euro-Ticket, or €1 per day ticket, reversed the trend towards increasing costs for public transport. The ticket has been continued since then and has been held at the same price for the past ten years.

The number of public transport trips in Vienna rose by 10% between 2011 and 2017 and ticket sales of the 365-Euro-Ticket rose by 126% between 2012 and 2018. This meant that **in 2018 more Viennese inhabitants were holders of a 365-Euro-Ticket than owned a car**. It should be noted though that the modal split across all modes did not significantly change during the same period. The public transport modal share increased by only one percentage point from an already relatively high 37% in 2011 to 38% in 2018.

The lower prices for the annual ticket have also made this ticket more attractive in comparison to single tickets and there has been a reduction in the number of single, weekly and monthly tickets that have been sold.³²

THE AUSTRIAN KLIMATICKET

The **Austrian KlimaTicket** (Climate Ticket) was born out of a proposal for a **'1-2-3' ticketing system**, where an annual pass for one city or region would cost €1 per day (equivalent to the Viennese 365-Euro-Ticket), an annual pass for a combination of two regions would cost €2 per day, and an annual pass for all public transport across Austria would cost €3 per day.

The KlimaTicket, introduced in October 2021,³³ is the implementation of the third part of this proposal. The ticket costs €1,095 per year, **€3 per day**, and allows **unlimited travel on all public transport in Austria**. Regional tickets have also been introduced, although not all for the same consistent price.³⁴ The Austrian government is providing financial support for the ticket and is expecting to spend €160 million on it in 2022.³⁵

While Austria already had **integrated transport between modes** within its regional transport associations (Verkehrsverbände), crossing the borders between the associations could mean complicated ticketing and fares, often making it necessary to buy separate tickets. There are also a few areas that are not integrated into any association; these are often areas where transport is primarily connected in the German network. The new KlimaTicket simplifies these structures by offering **one ticket at one price for all public transport**.³⁶ The VCÖ, an Austrian sustainable transport charity, also identified an annual transport ticket as a key driver for increased use of public transport for leisure activities. In other regions where annual passes had already been introduced, the number of people who used public transport multiple times per week increased significantly.³⁷

The KlimaTicket has been more popular than was initially anticipated. The predicted sales

for the first year were surpassed within the first month of its availability and within the first nine months of its existence nearly 186,000 Klimatickets had been sold.

THE GERMAN 9-EURO-TICKET

As part of a package to ease the impact of rising energy costs, the **German** government introduced a '**9-Euro-Ticket**' for public transport for three months between June and August 2022.³⁸ This meant that from June until the end of August, Germans could take an unlimited number of journeys on all local and regional buses and trains throughout Germany for only €9 per month. All high speed travel was excluded, but the ticket allowed for travel throughout the entire country.

Germany has a comparable public transport fare structure to Austria, with regional transport associations that provide integrated transport between modes and operators but with geographical limitations. The 9-Euro-Ticket was not only impactful in its pricing but also simplified existing fare structures.

It should be noted that while subsidising public transport, the German government was also giving drivers a large subsidy package by reducing petrol and diesel taxes by 35.2 cents/litre and 16.7 cents/litre respectively.

Deutsche Bahn, who were selling the tickets alongside regional transport associations, sold over one million tickets within the first two days of making them available in late May. By 31 May, approximately seven million people who did not previously hold a monthly or yearly season ticket had bought a 9-Euro-Ticket, and by the end of August a total of 38 million tickets had been sold.³⁹

An early analysis of survey results found that the ticket had **increased the public transport use** of participants. It had also

been successful at **attracting new public transport users**.⁴⁰ Researchers at the University of Potsdam found that the introduction of the ticket had driven an **improvement in air pollution**, which was particularly pronounced in areas with good transport connections.⁴¹ And in the early weeks of the ticket's launch, **reduced congestion** was reported in many German cities.⁴² The interventions by the German state in the early summer, of which the ticket was a significant part, **slowed the rate of inflation** by two percentage points.⁴³

The offer ended in August 2022, but a subsequent decision has been taken to introduce a permanent 'Deutschland Ticket', offering similar coverage, at a cost of €49 per month. The new ticket is expected to be on sale in January 2023.⁴⁴ Meanwhile, individual cities are pushing ahead by lowering the cost of their monthly tickets; Berlin has lowered the monthly cost to €29 and Bonn has introduced a ticket for €19 per month.

CONSIDERATIONS FOR A CLIMATE TICKET FOR SCOTLAND

Affordable flat fare ticketing is not a silver bullet to the problems we are facing in the transport system and the examples from Germany and Austria show that there are a number of other factors that are also important to make public transport attractive. Nevertheless, it is an important step in establishing public transport as an attractive alternative to private car use and maintaining access to mobility for those who are already using it.

Other measures will be needed to address lacking or insufficient bus or train options in some parts of the country, particularly in suburban and rural locations and to ensure that public transport is accessible. Reducing

the cost and complexity of using public transport is also unlikely to be enough to reduce car use as much as is required to meet our climate targets and end car dependency. The cost of driving remains low enough to make it affordable and convenient for many and drivers often underestimate the hidden costs of driving.

However, **reducing complexity and cost of public transport fares is crucial**. Demand management measures are often perceived as punitive by motoring interests. Offering a Climate Ticket for Scotland could be the positive counterbalance that is needed to help make the transition to zero-carbon affordable transport popular. It provides an opportunity to **offer an attractive, affordable, and simple ticket for public transport in Scotland**, particularly targeting those who are not currently benefiting from the concessionary fare schemes.

It is important to note that Austria and Germany both had pre-existing regional transport associations that created a fully integrated transport system in a given region. The introduction of the tickets discussed above could therefore rely on pre-defined regions and existing fare sharing arrangements. Introducing a Climate Ticket for Scotland will require setting up structures that allow **integration between operators**.

The Scottish Government should work with partners to introduce an attractive flat fare ticket for Scotland. When designing this ticket the following principles should be considered:

- Inclusion of all local and regional public transport in the ticket, independent of operator or mode. Ideally long-distance travel should also be included.
- Introduction of both a regional and a national ticket to provide cheaper tickets for those who travel less as well as for those who often travel Scotland-wide (as in the Vienna/Austria example).
- Defining regions for each ticket on a large scale, and should avoid the use of fare zones to reduce complexity.
- Setting ticket prices at a level that is affordable and competitive with the cost of car use.
- Providing annual passes as a monthly subscription in order to avoid large upfront costs being a barrier to entry.

CONCLUSIONS



The Fair Fares Review is faced with numerous challenges ranging from the cost-of-living crisis and rising transport poverty to climate and equality concerns. Despite this, it presents the opportunity to radically transform Scotland's public transport system, alongside climate and social wellbeing.

This report has shown that considerations of passenger experience and needs must be at the heart of policymaking to avoid a downward spiral in patronage and to instead build a climate-friendly mobility network, which is fair on household budgets and addresses inequalities exacerbated by the existing system.

This report highlights that mobility and access to transport is critical to the Scottish population and that we must now follow the evidence and experience of Austria and Germany; we must implement an affordable and simple public transport network built on flat fare ticketing and enhanced partnerships between operators, regions and authorities.

Pursuing this with the urgency that both the climate and cost-of-living crisis demands will make Scotland a world-leader in sustainable and equitable travel, whilst transforming the lived experience of people across the country.

RECOMMENDATIONS

Drawing on the evidence and discussion in this report, Transform Scotland presents these recommendations for the Scottish Government's Fair Fares Review.

1. AFFORDABLE FARES

Implement a fare structure which ensures that the cost of public transport is equal to, or cheaper than, the cost of driving. Scotland's Road Equivalent Tariff for the Western Isles proves the feasibility of such a model. This approach must be expanded nationwide to remove the high-cost barriers to modal shift, reduce transport poverty and ensure low-income households can escape 'forced car ownership'.

2. INNOVATIVE FUNDING

Ringfence the revenue from traffic demand management measures (e.g. road pricing & parking levies) to improvements and subsidies for local public transport services, following the international examples outlined in section 6 of this report.

3. ACCESSIBLE MOBILITY

Prioritise tackling long standing inequalities and improving social inclusion by:

- **Integrating** disabled travel schemes into mainstream booking systems to reduce barriers to access.
- **Working** with local authorities to simplify travel information, scheme application, and eliminate the 'postcode lottery' of barriers to travel for disabled people.

- **Reimplementing** flexible and affordable TaxiCard schemes, in recognition of the fact that taxis remain an essential, but increasingly unaffordable, lifeline for many people.

4. INTEGRATED TICKETING

Introduce a national flat fare public transport 'Fair Fares Card', emulating the Austrian 'Klimaticket' and the German 'Deutschland Ticket', providing a transformational boost to public transport usage, reversing the damage caused by the pandemic and bringing affordable fares to everyone in Scotland. This will provide an attractive and easy-to-use public transport system which has:

- **Multimodal integration**, such that multi-modal journeys can be made using one ticket.
- **Standardised pricing**, so that the cost of public transport is equal across Scotland and regional inconsistencies are eliminated.
- **Local, regional and national ticketing offers**, emulating the Austrian '1-2-3' ticketing system (€1/day locally, €2/day regionally, €3/day nationwide).

NOTES

¹ This is based on Office of National Statistics (ONS) data, as presented in greater detail online by the RAC Foundation at <https://www.racfoundation.org/data/cost-of-transport-index>

² Prior to this, individual local authorities financed and operated concessionary travel schemes for the elderly, and benefits and restrictions varied considerably as it was for each Council to determine how best to meet local needs. Some schemes offered free travel, some half-fare and, in one instance, a discount for the first 10 miles of any journey. Some schemes were limited to travel within the authority's own boundaries. Some were joint schemes of more than one Council and allowed travel within their combined area, and some allowed journeys to specific identified destinations outwith the Council's boundary. Some schemes had peak period restrictions and others did not.

From October 2002 a national minimum standard of free local off-peak bus travel was applied to the local schemes. On 1 April 2003 the schemes were extended to allow men aged 60-64 to receive the same travel benefits as women aged 60+. Previously, men became eligible at age 65 (<https://www.transport.gov.scot/publication/consultation-on-free-bus-travel-for-older-and-disabled-people-and-modern-apprentices/annex-a-background-to-free-bus-travel-in-scotland/>).

³ The scheme provides no clear definition of what 'resident in Scotland' means. Proofs of address include council tax and utility bills. Anecdotal evidence, and the Calmac website (<https://www.calmac.co.uk/faqs/tickets-and-reservations/over-60-discounts>) imply concessions are available to second home owners.

⁴ It covers nearly all local registered and long-distance scheduled bus services, at any time of day. It extends to Carlisle and Berwick-upon-Tweed. Only a very few services, such as premium-fare night buses and City Sightseeing buses are excluded.

⁵ Different percentages apply to the under 22 scheme.

⁶ Only between stations in the SPT area. If a rail or subway journey is less than 10 miles, a concessionary single ticket is £1.00 and a return £1.50. If it is over 10 miles, a concessionary ticket is half the standard fare.

⁷ Including travel to the airport which has a premium fare

⁸ Single fare of £1.00 between stations in Fife Council area.

⁹ Half the standard single or return fare between stations in the Highland Council area.

¹⁰ Single fare of £2.00 and return fare of £4.00 from any West Lothian station to any station in the area bounded by Croy, Larbert, Dalmeny, Edinburgh, Newcraighall and Bellshill. 50% discount from any West Lothian station to any station in the area bounded by Glasgow Central, Glasgow Queen Street, Partick, North Berwick and Dunbar.

¹¹ Those living on islands (not Orkney mainland), plus the Rosneath and Cowal peninsulas.

¹² From *Transport Statistics*. This includes journeys made with disabled, blind and companion passes. Separate statistics are not available for only 60+.

¹³ From *Transport Statistics, 2021 Table 2.14*. Our calculations, based upon population estimates.

¹⁴ The Irish Free Travel Scheme provides free public transport (bus, rail, DART and domestic ferries) at all times of day for all over 66's.

¹⁵ Scottish Transport Statistics 2021 Table 2.10, <https://www.transport.gov.scot/publication/scottish-transport-statistics-2021/>

¹⁶ <https://syp.org.uk/wp-content/uploads/2019/09/All-Aboard-final-report-no-bleeds.pdf>

¹⁷ Other examples would be Glasgow to Ayr, Oban and Fort William, Edinburgh to St Andrews and Inverness to Dingwall, Tain, Thurso and Wick.

¹⁸ For example, Doune to Stirling and Dalkeith to Edinburgh are both 8 miles, but the fare from Doune is £5.45 (day ticket £12.60, weekly ticket £27.00) while the fare from Dalkeith is £1.80 (day ticket £4.50, weekly ticket £20.00). Callander to Stirling is 16 miles and costs £6.70. Edinburgh to Haddington is 19 miles but costs only £3.80.

¹⁹ https://www.nationalrail.co.uk/times_fares/jobcentre-plus-card.aspx

²⁰ <https://www.thewisegroup.co.uk/latest-news/scotrail-partnership-to-help-jobseekers-get-on-track/>

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²³ <https://www.polisnetwork.eu/wp-content/uploads/2019/06/transportation-levies-2-finalpolis.pdf>

²⁴ https://www.c40knowledgehub.org/s/article/How-to-pass-a-mega-transportation-measure-LA-County-s-Measure-M-lessons-learned?language=en_US

²⁵ ³ <https://www.metro.net/about/measure-m/>

²⁶ <http://www.comune.milano.it/portale>, Ardila-Gomez, Arturo; Ortegon-Sanchez, Adriana. 2016. Sustainable Urban Transport Financing from the Sidewalk to the Subway : Capital, Operations, and Maintenance Financing. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/23521> License: CC BY 3.0 IGO.

²⁷ "Ardila-Gomez, Arturo; Ortegon-Sanchez, Adriana. 2016. Sustainable Urban Transport Financing from the Sidewalk to the Subway : Capital, Operations, and Maintenance Financing. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/23521> License: CC BY 3.0 IGO.

²⁸ <https://www.nottinghamcity.gov.uk/wpl>

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Transform Scotland is the national alliance for sustainable transport, bringing together organisations from the private, public and voluntary sectors.

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