



THURBO

OSTWIND, SWITZERLAND

The implementation of a season pass tariff union and the transition to an integral tariff union

Background/context

Within the area of the integral tariff union, about 30 public transport operators provide rail and bus services. The tariff integration before 2002 was limited to the so-called direct traffic. At the beginning, public transport customers had to buy tickets for each transport company; it was not possible to buy a single ticket for a journey involving multiple public transport operators.

Therefore, tariff integration became an important measure to make public transport more attractive for the customer. The basic initiative came from the public transport authorities of the involved cantons (regions).

Description of the case

FIRST STEP: IMPLEMENTATION OF TARIFF INTEGRATION FOR MONTHLY AND SEASONAL PASSES (1999-2001)

Eighty-one zones were amalgamated in one standardised fare zone with "one ticket for all." The zone plan is based on distances: the further the trip, the more zones must be paid for. In the first step of tariff integration, monthly and yearly passes were considered. This addressed regular public transport customers.

SECOND STEP: EXTENSION TO AN INTEGRAL TARIFF UNION (2003-2008)

The second step consisted of a harmonised tariff for single-trip tickets, multi-trip tickets, zone day tickets, and tickets for groups.

Whereas the tariffs for monthly and yearly passes are discounted for environmental reasons, the tariff of the other tickets is on a par with regular national tariffs to avoid big revenue losses.

For tickets other than passes a new joint distribution system became necessary. Approximately 180 new selling points for tickets are planned. Certain zone combinations for daily tickets and monthly season tickets can also be obtained at machines with touch screens in unattended railway stations and in buses of certain transport companies.

Legislation and policy issues

The national regulation (Swiss law on transport) obliges public transport authorities to compensate costs related by the tariff union (e.g. revenue losses). The rights and obligations of the tariff union partners are written down in a special agreement.

Swiss cities and conurbations follow a strong policy for supporting public transport and for inducing a modal shift from car to public transport. Besides network and timetable integration, tariff integration became an important part of this policy. This was the catalyst of the project.

Cost and Financing

The amount of the (estimated) costs of transformation from a season pass tariff union to an integrated tariff union is:

- planning costs: approx. EUR 250,000 for external consultancy financed by the public transport authorities
- implementation costs (manpower at the operators and authorities)
- annual costs due to revenue losses of particular companies: approx. EUR 2.2 million funded by the public transport authorities
- annual operation costs (costs for management, marketing, distribution): approx. EUR 309,000 on top of the EUR 300,000 of the season pass union are shared between cantons and public transport companies
- one-off introduction costs (project management, marketing for the introduction, passenger information): approx. EUR 830,000.

Results

The general benefits of a tariff union are:

- Increasing the attractiveness of public transport
- Clearly arranged ticket assortment and conditions of use
- Passenger only needs one single ticket for his trip
- The use of public transport may be eased substantially
- Free choice of the means of public transport and great freedom in range and time
- Substantial price reductions for clients, that use several means of transport

The introduction of the season pass tariff union (first step) lead to an increase of revenues of +24% (2002-2006).

The transition from the season pass tariff union to the integral tariff union (second step) is expected to

- Increase revenues 2-5%
- Further increase customer satisfaction and market share (improving modal shift)

Other effects:

- Revenue losses: estimated approx. EUR 2.2 million per year (at the beginning, to be compensated at a later stage by increasing demand and price optimisation).

Problems

In general: particular transport companies may worry about the hedging of their own revenues. With the upgrading of the season pass tariff union to the integral tariff union, more revenue is taken from their control and subordinated to new allocation mechanisms.

During the concept phase barriers and problems included: financing of expected costs and the challenge of agreeing on revenue distribution between transport operators.

During the implementation phase, there were delays with the provision of the new ticket distribution system.

Transferability and success factors

The approach of the integral tariff union Ostwind is transferable to other conurbations or regions because an integral tariff union is a broadly accepted system and the other integral tariff unions existing in Switzerland are successful. Important precondition for transferability is the existence of several transport companies with different tariff systems.

The main success factors are market pressure, the need for action caused by tariff conflicts, the political will for tariff integration and good cooperation between the involved actors.

Lessons learnt

The two-step approach — first a tariff union for passes, then an integrated tariff union for all tickets — proved very successful in Switzerland.

The design and implementation of an integrated tariff union can be recommended to all conurbations which have different tariff systems within the same area.

Conclusions

The integrated tariff union Ostwind will likely be a successful model, though the final analysis must still be made of the results in 2008.

Experiences from other Swiss conurbations and regions show that tariff integration is an important instrument to make public transport more attractive for the customer and to increase the public transport demand.

No conurbation in Switzerland with an ITU wants to go back to the old tariff system.

References and contacts

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