



Extract from the report to the
Public Accounts Committee on
harmonisation of public transport
tariffs

August
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1. Introduction and conclusion

1.1. Purpose and conclusion

1. This report concerns the effort made by the Danish public traffic operators to harmonise the price of public transport tariffs and how the Ministry of Transport (now the Ministry of Transport and Building) has supported the traffic operators in this effort. The study flows from our report on the running of the Danish e-ticketing system (the Rejsekort) from April 2015, which was initiated by Rigsrevisionen in March 2014.

2. The current tariff system is complex; it comprises 18 tariff systems that are all very different in terms of prices, types of tickets and discount structures. It is therefore sometimes difficult for the customers to get a clear overview of ticket prices and find the cheapest fare. According to the Ministry of Transport, a transparent tariff system will make public transport more attractive to the public and convince more people to use public transport services.

3. On the one hand, the individual traffic operators, who are responsible for harmonising the tariffs, have the authority to decide – within each their separate tariff areas – what tickets they want to provide and at what price. On the other hand, they are required to work together to ensure that fares are transparent and easy to understand for the customers. The Ministry of Transport is responsible for ensuring that legislation in the area is effective. The ministry also has overall responsibility for ensuring the smooth operation of public transport. The purpose of this study is to assess the effort made by the traffic operators and the Ministry of Transport to harmonise the tariff systems.

The report answers the following questions:

- Have the traffic operators actively worked to harmonise tariffs on national level?
- Have the traffic operators actively worked to harmonise tariffs on regional level?
- Has the Ministry of Transport supported the traffic operators in their effort to harmonise the tariffs?

The Danish traffic operators:

- **Regional bus operators**
Movia, Midttrafik, Nordjyllands Trafikselskab (NT), Sydtrafik, FynBus and Bornholms Amts Trafikselskab (BAT).
- **Train operators**
Danish state railways (DSB) and Arriva (in mid-Jutland and Western Jutland, only).
- **Other**
Metroselskabet (company running the Copenhagen metro).

A tariff system is an integrated system of tickets, fares, discount structures and rules for travelling.

A tariff area is a geographical area covered by one tariff system. There are 15 tariff areas in Denmark each with their own tariff system.

- 1 in North Jutland
- 1 on Bornholm
- 3 on Funen
- 3 in Southern Jutland
- 4 in central Jutland
- 3 on Sealand.

To the above should be added the train operators' three tariff systems that cover journeys across the fare systems.

CONCLUSION

The intention to harmonise tariffs has been clearly reflected in the legislation since 2007. Yet, attempts made by the traffic operators to harmonise tariffs over the years have been unsuccessful. The reason is that tariff harmonisation will either lead to increased fares for the customers or loss of revenue and authority to set tariffs for the operators, who have therefore been unable to reach an agreement. As a result, the discount structure has remained complex, fares seem illogical and are subject to sudden price jumps, and the customers are charged different fares for comparable journeys.

Since 2009, the traffic operators have worked to create a national one-way ticket in order to harmonise the cash single fare throughout Denmark. However, the traffic operators closed the project in June 2014 without having reached an agreement on a model for the harmonisation. Efforts made to harmonise the tariff systems underlying the Rejsekort have not been successful either and have resulted in illogical fares and inconsistencies in pricing across the country.

The traffic operators have been equally unsuccessful in their work to harmonise tariffs on regional level. Tariffs in Movia's three tariff areas on Sealand are still not harmonised. The traffic operators in Jutland and on Funen have harmonised the tariffs to the extent that they are the same within their specific tariff areas. However, this type of harmonisation is of no significance to customers travelling across tariff areas. These customers pay the fares charged by the train operators, despite the fact that their journey takes place within the area of a single regional traffic operator, and the tariffs of the train operators are not harmonised with any of the regional traffic operators. The customers may therefore come across illogical regional fare prices. Movia, DSB and Metroselskabet have tried to harmonise the tariffs on Sealand, but so far without success.

It is Rigsrevisionen's assessment that the traffic operators have not been persistent in their efforts, because they have little incentive to surrender their authority to determine tariffs and harmonise their tariffs with other operators. The fact that the traffic operators have been unable to agree on regional solutions, and in reality have abandoned the implementation of national harmonisation of tariffs, is not considered satisfactory by Rigsrevisionen.

The Ministry of Transport has tried to support the traffic operators' work to harmonise tariffs and conducted, for instance, relevant analytical work, but in vain. The harmonisation of tariffs fail to materialize due to disagreement among the traffic operators and the ministry's limited access to intervene. It is Rigsrevisionen's assessment that the ministry should have followed up on the parties' ability to reach an agreement on harmonisation on their own; for instance, in connection with the evaluation of the Danish Act on Public Transport Operators, to ensure that the framework set supports achievement of the intentions of the act in regard to harmonisation.

Rigsrevisionen questions whether the eight-year old policy objectives concerning the implementation of a transparent and simple tariff system that are reflected in the legislation, can be achieved within the framework currently defined for the sector.