

4 January 2016

FAIR FARES FOR LONDON FROM A GREEN MAYOR

London's transport isn't serving everyone equally.

It's not fair that people in outer London pay so much more to get to work on public transport. Or that part-time workers pay more per day than those who save with season tickets.

And it's not fair that if you need to take two buses or more than one type of transport you pay twice or three times for the same journey.

Our fully costed policy for London transport fares with a Green Mayor and Assembly Members is aimed at making everyone's journey to work fair, equal and affordable.

We will make sure public transport is always the simple and affordable choice, without hidden penalties if you live in outer London, work part time, need to take two buses, or change between tube, bus and train on your way.

The key changes we will make are:

- **Lower fares for outer London:** with a new, simpler four-zone structure and reduced fares for everyone currently in zones 4, 5 and 6.
- **Flat fares by 2025:** by freezing and cutting outer London fares and letting other fares rise with inflation, we can achieve flat fares and a single zone for all of London.
- **A new 'ONE Ticket' to change between all types of public transport:** you will pay to get to your destination, not for each stage of the journey, and can change between any buses, trains, trams and tubes along the way.
- **Justice for part-timers:** with a lower rate for daily pay-as-you-go caps to match the savings made on monthly travelcards.
- **Integrated payments for bike hire and other services:** making registration for bike hire an automatic part of the oyster system and linking up car clubs and other services with Transport for London.

More details and FAQs are in this briefing, and there is more on our website at:
www.sianberry.london/fairfares

#FAIRFARES



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LOWER FARES FOR OUTER LONDON, AND FEWER ZONES

In January 2017 we will **merge zone 3 with zone 4 and zone 5 with zone 6, adopting the lower fare rate in each new zone.**

This will create a simpler four-zone structure, and we will also cut the cost of fares for people in the current zone 5. Combined, these changes will **give everyone in outer London a cheaper journey to work by rail and tube next year.**

FLAT FARES BY 2025

In the following years, fares in the new zone 4 will receive successive cuts in real terms, reducing the difference between costs for people in outer boroughs even further. By continuing this process, we believe we can achieve a flat fare structure with **one zone across London for travelcards and daily caps by 2022-2023 and completely flat fares by 2025.**

We will never apply a fare rise above current plans, but still estimate that we will be able to abolish all zone differences by around 2025 (the exact date depends on future inflation rates) and create a **completely equal fare system for all Londoners.**

A NEW 'ONE TICKET' TO CHANGE BETWEEN ALL TYPES OF PUBLIC TRANSPORT

When you use public transport, you simply want to get somewhere in the most convenient way, but the current ticketing system makes that difficult.

The unfairness of not being able to change buses in the same way you can on the tube is well known, and with new systems a one-hour bus ticket can be implemented from next year. But there are many other interchanges - between buses and tubes and trains - which add costs to journeys and limit route options for people on lower incomes. Only a few stations on the Overground allow free changes to nearby tube stations, and many people on the tube could benefit from switching to the bus in central London to reach their final destinations.

We will therefore turn single fares into a **'ONE Ticket'**, based on time and direction, which covers all transport modes and **never charges you more than once for trips that make up one journey.** This automatically includes a one-hour bus ticket and links up nearby stations - changing between modes will be free for any two stations within a short bus ride or walk.

JUSTICE FOR PART-TIMERS

Until recently, there was a huge, discriminatory difference in cost between pay-as-you-go daily caps on travel costs and what you could save with a weekly or monthly ticket. This was very unfair to part-time workers, who are often also paid the least.

The problem has been only partly solved by new rates for daily oyster caps that are one fifth of the cost of a weekly pass. However this still means people who work part time pay more than people who pay monthly.

To close this gap properly in 2017 we will reduce the rates for part-time workers, with **daily caps set at one twentieth of the cost of a monthly travelcard.**

INTEGRATED PAYMENTS WITH BIKE HIRE AND OTHER SERVICES

In central London, we want to help more people walk and use London's hire bikes for the last stages of their journeys, to reduce congestion at key stations on the tube. This means **making registration for cycle hire automatic with an oyster card** and integrating payments with contactless and our new 'ONE Ticket'.

We will also work with car clubs, taxis, river boats and other services to ensure that contactless and oyster payments are also linked up with their systems. We want people to have many more flexible options for making journeys, which will also cut the congestion, pollution and parking problems caused when people end up using cars for trips they should be able to make with Transport for London's help.

#FAIRFARES

TIMELINE TO FLAT FARES

2017	2018	2019	2020	2021	2022	2023	2024	2025
NEW FOUR-ZONE FARE STRUCTURE		NEW ZONE 4 FARES CUT ZONES 1-2 RISE WITH INFLATION		NEW ZONES 3 AND 4 EQUALISED	ONE ZONE FOR DAILY AND WEEKLY CAPS	ONE ZONE FOR ALL CAPS AND TRAVELCARDS		FLAT FARES ONE ZONE FOR LONDON ACROSS ALL FARES

THE BENEFITS

Cheaper journeys to work

Our new, fairer zone system and a flat fare by 2025 will make a real difference to the lives of people in outer London.

Our focus is on reducing fares in outer boroughs. Since 2001 the proportion of people on low incomes in outer London has increased and now five of the poorest 10 boroughs are in outer London.¹ The recent report '*Living on the Edge*', commissioned by London Councils, London TravelWatch and Trust for London, found that travel costs are an increasing proportion of living expenses and that 145,000 outer Londoners are being forced to take cheaper but longer journeys because of high fares.²

The changes we would make in January 2017 would enable more trips and reduce the cost of around half of all journeys, the majority in zones 4, 5 and 6. Example fares and the difference for our flatter fares policy compared with current plans are shown in the table below. The new zones are shown in the diagrams on page 4.

¹ Inside Out: The New Geography of Wealth and Poverty in London, Centre for London, Dec 2015
<http://centreforlondon.org/publication/inside-out-the-new-geography-of-wealth-and-poverty-in-london-2/>

² Travel costs hitting outer London's low-paid workers, London Travelwatch, Dec 2015
<http://www.londontravelwatch.org.uk/news/view?id=562>

January 2017 example fare changes due to the Green Party's flatter fares policy

Old zones	New zones	Planned 2017 fare (2016 fare with RPI+1)	Green 2017 fare	Difference
Single fares				
1-3	1-3	£3.42	£3.35	-£0.07
1-4	1-3	£4.04	£3.35	-£0.69
1-5	1-4	£4.86	£4.67	-£0.19
1-6	1-4	£5.28	£4.67	-£0.61
Daily caps				
1-3	1-3	£7.87	£7.71	-£0.16
1-4	1-3	£9.63	£7.71	-£1.92
1-5	1-4	£11.39	£10.87	-£0.52
1-6	1-4	£12.21	£10.87	-£1.34
Weekly travelcards				
1-3	1-3	£39.33	£38.57	-£0.76
1-4	1-3	£48.13	£38.57	-£9.56
1-5	1-4	£57.13	£53.03	-£4.10
1-6	1-4	£61.17	£53.03	-£8.14
Monthly travelcards				
1-3	1-3	£151.11	£148.19	-£2.92
1-4	1-3	£184.85	£148.19	-£36.66
1-5	1-4	£219.42	£205.18	-£14.24
1-6	1-4	£234.95	£205.18	-£29.77
Annual travelcards				
1-3	1-3	£ 1,573.20	£ 1,542.80	-£30.40
1-4	1-3	£ 1,925.10	£ 1,542.80	-£345.10
1-5	1-4	£ 2,285.28	£ 2,091.12	-£194.16
1-6	1-4	£ 2,446.74	£ 2,091.12	-£355.62

More flexible trips

People in south London, who rely disproportionately on journeys that combine buses, trains and tube lines, would also benefit hugely from the new 'ONE Ticket', as would people using the London Overground and National Rail more widely.

The system that currently allows a free change between some nearby stations (for example Euston and Euston Square³) hasn't really caught up with the development of the Overground and many more changes between stations within walking distance or a short bus ride would be available for free under our scheme.

Some examples of new free changes that would be possible include:

- Caledonian Road and Barnsbury (Overground) and Caledonian Road (Underground)
- Brixton (U) and Loughborough Junction (National Rail)
- Denmark Hill (O) and East Dulwich (NR)
- Gospel Oak (O) and Tufnell Park (U)
- Chancery Lane (U) and Farringdon (U, NR)
- Shepherd's Bush (U, O, NR) and Shepherd's Bush Market (U)
- Shoreditch High Street (O) and Liverpool Street (U) and Old Street (U)
- Drayton Park (NR) and Arsenal/Holloway Road (U)
- Stamford Hill (O) and South Tottenham (O)
- Boston Manor (U) and Brentford (NR)
- Manor House (U) and Harringay (NR) and Harringay Green Lanes (O)
- North Acton (U), Acton Main Line (NR) and Willesden Junction (U, O, NR)
- West Acton (U) and North Ealing (U)
- New Cross/New Cross Gate (O, NR) and Deptford (NR) and Deptford Bridge (DLR)

This new flexibility would also help to relieve some tube lines and big central London interchange stations, as the layout of the current tube and rail map tends to encourage you to use these when there may be a more direct way.

We would also publish a version of the tube map showing walking times between nearby stations not just along rail and tube lines as is currently provided,⁴ and encourage people to explore new ways of making their journeys.

³ A full list of currently free interchanges is provided by TfL here

<https://tfl.gov.uk/corporate/publications-and-reports/out-of-station-interchanges>

⁴ TfL walking map of the tube: <http://content.tfl.gov.uk/walking-tube-map.pdf>

THE COST

Overall, we expect our new fares policy to reduce the annual amount of fares revenue received by Transport for London by around 10 per cent by 2025. This will be fully replenished by our other policies so London's public transport services and investment will not be affected.

The 'ONE Ticket'

The most expensive measure would be the 'ONE Ticket', enabling people to change between any TfL modes of transport on the way to their destination. The effects of this are difficult to model, as daily capping on pay-as-you-go reduces some of the extra costs of changing modes already, but TfL have estimated that the number of bus fares cut by adding a free interchange with rail or tube would remove around £200 to £300 million per year from current budgets, with additional costs for adding rail-tube changes.

We would expect any loss in fares income to be softened by the increased use of public transport as more complex journeys that are currently too expensive would become affordable. This would have the added benefit of increasing access to jobs for more people and bringing more journeys onto the network that way too.

TfL has modelled the effects of a one-hour bus-only ticket in more detail, showing it would reduce fares revenue by £35 million per year, but that this reduces to £30 million when the effects of additional travel are included. We therefore estimate the cost of the 'ONE Ticket' would be **£260 million** or around **5%** of the expected fares income for 2017.

Simplifying the zone structure and flattening fares

Using detailed TfL data on fares and ridership, we have separately modelled and estimated the effect of merging zones 3-4 and 5-6 in 2017 on the main types of fares, and for future years applied a fare freeze to outer London zones while increasing inner London fares with inflation.

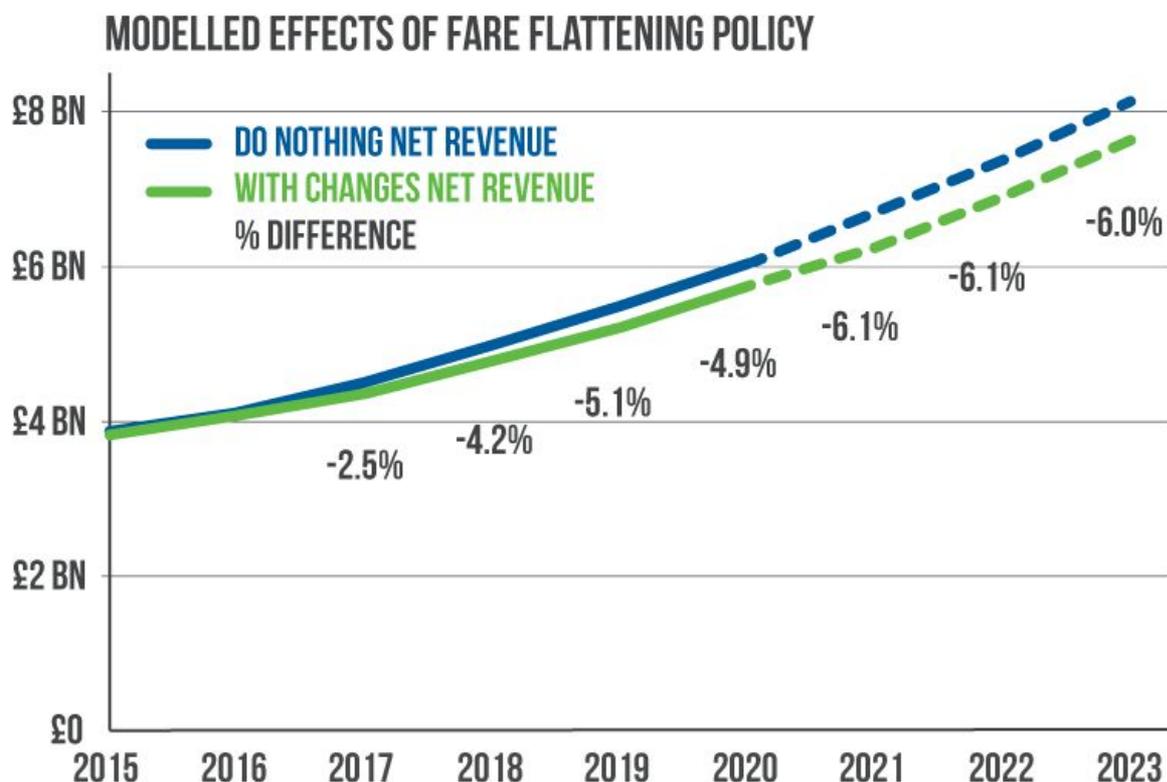
From these estimates, in 2017, the cost of fare reductions, due to merged zones and a discount for current zone 5, is around **£115 million**, under **2.5%** of 2017 fares income.

The effects on revenue of projecting the following changes forward over the next few years are shown below in the chart.

- Fare inflation of RPI+1 applied across zones 1 and 2, and to the discounted single fares that exclude zone 1
- Below-inflation increases applied to fares and travelcards from new zones 3 and 4, with a freeze for new zone 4
- Additional annual cuts for zone 4 tickets in both 2018 and 2019:
 - 30p off a single peak fare
 - £1 off the daily cap
 - £5 off a weekly travelcard
 - £20 off a monthly travelcard
 - £200 off an annual travelcard

With these changes and some small further discounts to individual fares, we found that **by 2021 all fares in outer London can be completely converged**, leaving just three effective zones - 1, 2 and previous 3-6 (new zones 3 and 4).

Going further forward, zone 1 and 2 daily caps and travelcards will match those for outer London zones in 2022-2023 and the last few outer zone-only cheaper single fares catch up by around 2025, with all these dates depending on future passenger growth and inflation rates.



The initial cost for flattening fares of 2.5% of revenue rises to around 5% in 2020.

The results of this kind of modelling become much more uncertain as time goes on,⁵ but we estimate that, without any fares rising above current plans for RPI+1, a single zone and **a flat fare for all of London can be achieved by around 2025**, at a cost of around 6% of annual fares income by that year.

⁵ There are two key variables that have an effect on fares income: the rate of inflation (RPI) upon which overall fare rises are based, and the level of growth in the use of the transport system. We have used OBR inflation forecasts (which continue to 2021) and recent demand trends to make these estimates in the 'do nothing' case. For our changes, because of the lower fare rates and the goal of the policy being to enable more people in outer London to travel more cheaply, we have assumed demand growth on rail and tube will rise by two percentage points. We have not included any increased growth in bus ridership in these figures as this has already been counted in the estimate for the 'ONE Ticket'.

Helping part-time workers by lining up daily caps with monthly tickets

In comparison, this measure is relatively cheap and simple to bring in, costing around **£10 million** from the expected 2017 fare revenue, or **0.2%** of the total.

YOUR QUESTIONS

Can TfL cope with the reduced fares income?

Under our plans, TfL will not have to cut its budget or reduce its investment plans. We know that budgets are being further squeezed by national Government cuts to what it provides for London transport and so we will be making up for both the money saved by passengers and the upcoming cuts with our other policies.

These will include new initiatives to get funds already paid by drivers to the government devolved to London, as well as new and updated policies to reduce traffic and the impact of cars on our city. Full details of these policies will be provided at a later date.

- Demand for a share of the new Roads Fund (vehicle excise duty hypothecated to fund Highways England) to be devolved to London, as our red routes are not run by Highways England.
- A share of fuel duty to be given to cities and towns to be spent on improving alternatives to driving.
- An increase in the current Congestion Charge to a level similar to the rise seen in bus fares under Mayor Boris Johnson.
- A levy on workplace parking spaces to further reduce car commuting into the city, introduced in 2017-18.
- A revised Ultra-Low Emission Zone that covers a wider area and reduces pollution to below legal limits as soon as possible, introduced in 2018.
- A new smarter system of congestion charging that rewards people who don't drive in central London and who drive outside of busy times, which will start consultation in 2016 and be implemented before 2019.

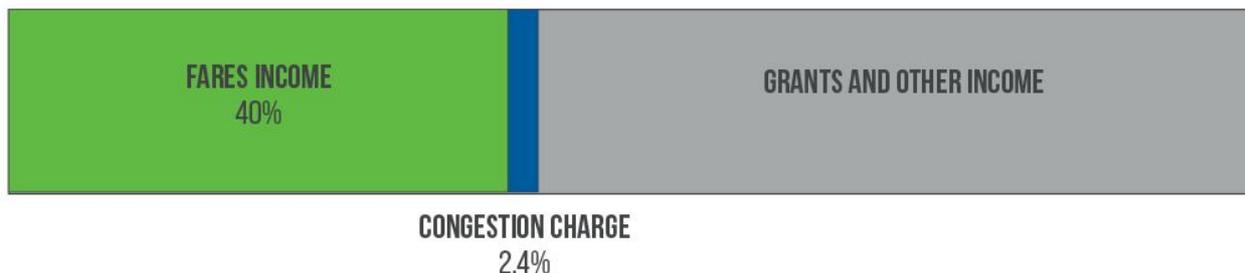
These measures are an important and necessary part of an effective transport policy for London. Many of the private cars coming in with commuters to park in London are driven by people who live outside the capital. They play a major role in London's congestion and pollution problems, and it's only fair that they should start contributing to the public transport budget.

Is this fair?

Looking at the overall contribution made by fare-payers to the budget for transport in London, it seems more than fair to have a policy to reduce this burden and ask people using cars to contribute a bit more in return.

In total in 2017, around £5 billion will be contributed by fare-payers and only around £300 million by people in cars and other vehicles through the Congestion Charge.

CONTRIBUTIONS TO TFL'S BUDGET



The measures we propose will therefore only go a tiny way toward sharing the cost of managing transport in London more equally among different travellers.

As people on low incomes are much less likely to own cars and much more likely to struggle with public transport costs, we believe this is the right thing to do.

Why aren't you cutting fares for everyone?

There is a limit to how much we can reduce fares income, especially before all the new measures come in to fill the gap in revenue. The principles behind our policy are to focus fare reductions where they are needed most, and to close the gaps where the current system is unfair to certain groups of Londoners.

These include people who work part time, people who have to use two buses or several modes of transport for one journey, people who live in the outer London zones and anyone who needs to use National Rail, particularly south Londoners.

What's in this for me if I live in central or inner London?

Everyone will benefit from our new 'ONE Ticket'. There are many part-time commuters and people who need to change buses in inner London too.

Many trips in central and inner London are also shorter and so easier to make by walking and cycling, which are almost free of cost. We'll have a lot to offer to people on foot and on bikes, including integrating cycle hire with Oyster as announced here, and we will be giving details of our plans for investment in people-friendly streets, cycling and walking soon.

How will the daily cap for part-time commuters work?

In the current system a daily cap on costs is applied for pay-as-you-go customers at a level equivalent to one-fifth of the weekly travelcard rate.

This means it is slightly higher than one-twentieth of the monthly travelcard fare, and that people who work five days a week can save more per day by using a monthly card than a part-time worker who only commutes a few days a week. This isn't fair as people who work part time are often women, and more than half are paid less than the London Living Wage.

The new rates will be fairer to these part-time workers. In future we will make sure that the daily cap is always equivalent to one-twentieth of the relevant monthly travelcard fare.

Why not flatten the fare zones all in one go?

If we abolished all the zones overnight and flattened the fares completely, some cheaper fares would have to increase as we could not absorb the cost of this change in one year. It is an important principle of this policy that no fare, during the process of merging the zones, will go up by more than current plans.

Instead, we will even out the fare rates in different zones year by year, excusing the outer zones from annual inflation-related increases so that the lower fares in the central zones eventually catch up. That can be done by around 2025, depending on the underlying rate of inflation, upon which fare rises are based, and the number of passengers using the system. In the meantime we will immediately merge zones 3 and 4 and merge zones 5 and 6, so that London has four zones not six.

So people in zones 6 and 4 get an immediate cut next year, but what's in it for people in zones 5 and 3?

At the same time as merging with zone 6, we are also reducing fares for zone 5 so that everyone in zones 4-6 will see an immediate reduction in the cost of their tube and train fares into zone 1. For zone 3 we will not be cutting fares immediately, but applying below-inflation increases throughout the policy in order to bring them down eventually to match zones 1 and 2. This represents a real-terms cut and large savings for zone 3 over time compared with the current Mayor's plans.

What about zones 7 and up?

Eventually we will have one zone covering all of the current zone 1-6 area. There will remain some additional zoning outside Greater London to cover farther flung TfL services, though we will work to keep the additional fares for these areas down as we take more national rail services under London's wing.

How certain are you about your cost estimates?

We are planning quite dramatic changes to a number of aspects of fares policy, providing reductions for many people, and the effects of this are complicated to model. We have relied for most of these estimates on answers to questions provided by TfL to our policy team and public questions put by Green members of the London Assembly.

For the policy to flatten fares, we created our own model of fares and numbers of passengers to make an estimate of the costs and the time taken to reach a flat fare structure. To do this we obtained a detailed breakdown from TfL of the number of this year's fare payments and trips across different zones, then projected the totals into future years, adjusting passenger numbers to allow for the anticipated growth in population and use of public transport, and adjusting fare rates to allow for planned increases. This created a 'do nothing' scenario. We then compared this with a 'with changes' copy of the same model adjusted each year for our changes to zones and fares, and applying different levels of inflation to different zones and types of tickets. This gave us the estimates for the cost of this policy shown in this briefing, which are all presented as the difference between the 'do nothing' and 'with changes' totals for net fares income.

Another thing to bear in mind is that the effects of each of our changes have so far been estimated separately, while some of their impacts and cost implications will overlap.

How costs and people's travel behaviour interact on a city-wide scale is very complex, and the only truly accurate model of London's transport is London itself. However, with the methods we have used, we think our estimates of lost fares are likely to be accurate within a sensible margin that is suitable for making plans for new policies.

Because we also made some conservative assumptions about the effects of cheaper travel on demand, and didn't include any assumptions about the impact of separate new measures to reduce driving, the estimates of lost revenue are likely to be slightly on the high side overall. If there were many more people using TfL services and paying fares as a result of our policy, we would be able to flatten fare rates more quickly than presented here.