

Network Revenue Protection Plan – 2019

Public Transport Victoria
Metro Trains Melbourne
Yarra Trams
Bus Association Victoria
V/Line
Ventura
Transdev
Transport for Victoria (part of the
Department of Transport)



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1 INTRODUCTION AND PURPOSE

1.1 Overview

Under the relevant contractual arrangements, Public Transport Victoria (PTV) and public transport operators are required to produce an annual Network Revenue Protection Plan (NRPP).

This 2019 NRPP describes how PTV, public transport operators, Bus Association Victoria (BusVic) and Transport for Victoria (TfV) work together to protect revenue and implement Government policy across the public transport network.

November 2017 saw the commencement of new franchise contracts for metropolitan trains and trams. A new Partnership Agreement for V/Line commenced in January 2018 and July 2018 saw the commencement of a range of new franchise contracts for metropolitan buses. These contracts provide a framework for improved public transport services with better passenger experience and higher targets for punctuality and service delivery.

The framework builds on the recommendations of the former Department of Economic Development, Jobs, Transport and Resources' (DEDJTR) *Ticketing Compliance and Enforcement Review*, released in May 2016. The recommendations of this review have guided revenue protection strategy since that time, with a focus on reducing inadvertent fare evasion by making it easier for people to travel with a valid ticket while, at the same time, targeting those that deliberately and repeatedly fare evade.

The 2019 NRPP is aligned with this framework and focuses on maximising the number of passengers who travel with a valid ticket while also providing high quality customer experience.

In October 2018, the twice-yearly Fare Compliance Survey found that 96 per cent of people on the metropolitan network were fare compliant. The surveys began in May 2005 and the October 2018 results is close to the highest result of 96.2 per cent recorded in October 2015 and 2016.

This level of fare compliance marks a significant shift over recent years and it is important to acknowledge the high percentage of passengers that do the right thing. It is also important to undertake revenue protection in a way that reduces opportunities for inadvertent or deliberate fare evasion and makes it easier for everyone to travel with a valid ticket.

This plan continues the collaborative approach between PTV, TfV, operators and BusVic. It builds on previous work to further improve revenue protection activities.

1.2 Revenue protection themes

As in previous years, the plan is based on four revenue protection themes that, together, make up the revenue protection strategy. These themes are:

- > making the ticketing system easier to use: continuous improvement to the ticketing system to make it easier to use, access and understand
- > compliance support: compliance promotion measures such as staff at stations and on trains, trams and buses and ticket barriers at railway stations

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- > ticket checking: Authorised Officers (AOs) checking tickets and reporting non-compliance to TfV
 - > marketing and education: customer information campaigns to help passengers be ready to travel and use high readiness products, as well as making it easier to use myki by continually improving education on how to use the ticketing system.

1.3 Revenue protection priorities

The four themes support priority issues and associated actions in revenue protection. For 2019, the three priorities are:

- > continuing revenue protection activities in a way that improves passenger experience
- > increasing fare compliance on the bus network
- > increasing awareness of myki ticketing options and the importance of travelling with a valid ticket

These build on the priorities from the previous two years, which included the commencement of the Ticketing Compliance and Enforcement reforms and the delivery of improved training for AOs.

1.4 Link between NRPP and operator revenue protection plans

The 2019 NRPP focuses on network-wide priorities supported by activities on each mode. In addition, Metro Trains, Yarra Trams, V/Line and Transdev prepare individual plans that include revenue protection.

Revenue protection activities differ between modes but they all align with the overall objective of maintaining the current high level of fare compliance in a fair and equitable way.

1.5 Structure of the plan

The plan covers:

- > background and context of revenue protection activities
- > an overview of the fare compliance strategy
- > revenue protection priorities for 2019
- > other actions agreed by PTV and transport operators
- > arrangements to implement and monitor revenue protection actions.

The plan will be implemented by the Revenue Protection Plan Implementation Committee (RPPIC), which includes representatives of PTV, operators, BusVic and TfV.

2 BACKGROUND AND CONTEXT

2.1 Definition of fare evasion

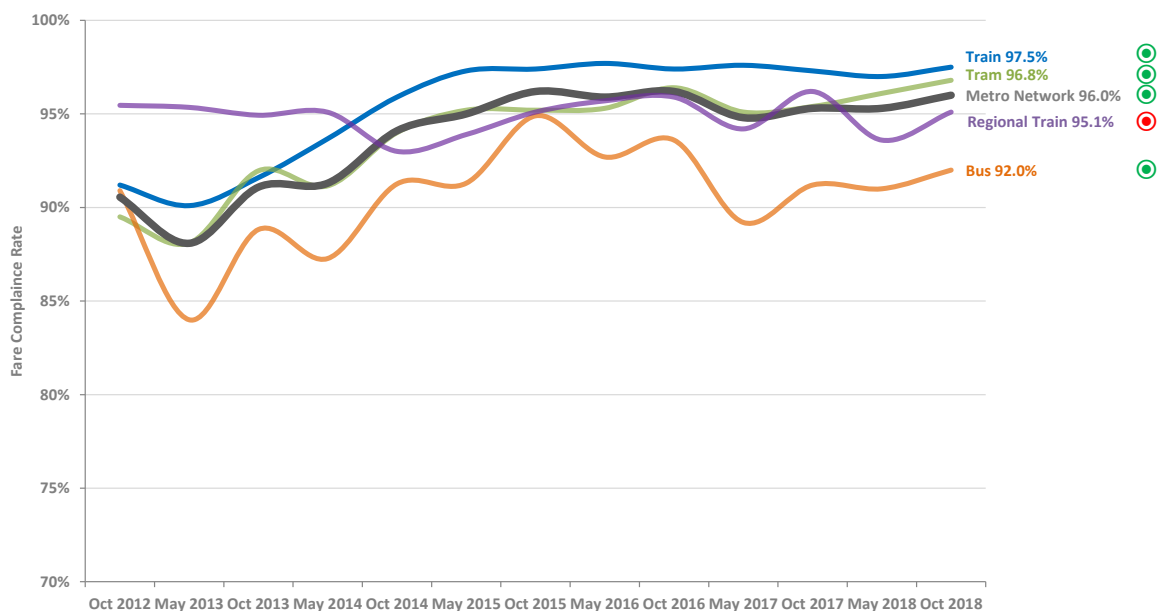
The vast majority of public transport passengers in Victoria are fare compliant and travel with valid tickets. People travelling without a valid ticket are fare evading and this can be either inadvertent or deliberate. The *Victorian Fares and Ticketing Manual* defines the conditions for valid tickets and can be accessed on the PTV website.

2.2 Recent fare compliance levels

Fare compliance is measured through surveys conducted twice a year. The estimated rate of fare compliance since the beginning of surveying is shown in figure 1 below (surveying on V/Line commuter lines began in 2012).

Over this period, fare compliance on the metropolitan public transport network was lowest in May 2013 at 88.1 per cent. In October 2018, the metropolitan network result was 96 per cent, close to the highest recorded result of 96.2 per cent in October 2015 and October 2016. Metropolitan train remains the mode with the highest fare compliance at 97.5 per cent, with metropolitan bus being the lowest on 92 per cent.

Figure 1: Fare compliance by mode – May 2013 to October 2018



2.3 Revenue impact of fare evasion

The loss of farebox revenue during the 2018 calendar year is estimated at around \$38.9 million (\$33.0 million on the metropolitan network, \$5.9 million on V/Line trains). This is \$1.9 million lower than the estimated revenue loss for the 2017 calendar year. Over the same period the overall farebox has continued to grow due to increased patronage and fare changes. Because

these changes affect the estimated loss of farebox revenue, the reduction in estimated revenue loss is made more significant.

2.4 A collaborative approach

PTV, public transport operators and BusVic have developed a collaborative approach to managing fare compliance across the public transport network. This has promoted innovation and flexibility, which has contributed to improved fare compliance.

Metro Trains and Yarra Trams hold revenue risk via a sharing arrangement for total metropolitan farebox revenue. Accordingly, these operators have a financial incentive to attract more passengers and increase fare compliance on all modes across the network, not just their own services.

2.5 Ticketing Compliance and Enforcement reforms

In 2016, the Government commenced implementation of the Ticketing Compliance and Enforcement reforms (TCE), following the release of the DEDJTR *Ticketing Compliance and Enforcement Review* and the Victorian Ombudsman's *Investigation into public transport fare evasion enforcement*. (These reports can be accessed on the TfV and Victorian Ombudsman's websites.) The TCE reforms aimed to strike a better balance between efficiency and fairness in ticketing compliance and enforcement by focusing enforcement activity towards deliberate and recidivist fare evasion and more systematic discretion and use of official warnings in cases of inadvertent non-compliance.

Significant reforms that have been completed include:

- > removing penalty fares and moving to a single infringement system that is fairer and clearer for passengers
- > undertaking and promoting ticketing and system improvements to make the myki system easier to use
- > embedding systematic use of official warnings under specific conditions
- > completing updated conflict management training and a program of refresher training for all AOs
- > completing updated training on the use of discretion relating to Special Circumstances including homelessness, and commencing a program of refresher training for all AOs
- > reviewing and reaccrediting the Certificate III in Public Transport Customer Service and Compliance for Authorised Officers, the course that all AOs are required to complete before they are authorised by TfV
- > increasing the maximum court penalty for ticketing offences to deter recidivist offenders from attempting to game the system.

Since the introduction of these reforms, a range of indicators are showing improved perceptions of AOs. This includes a 34 per cent reduction in the number of infringement and AO related approaches to the Public Transport Ombudsman (PTO) from financial year 2016/2017 to 2017/2018, on top of the 30 per cent reduction from financial year 2015/2016 to 2016/2017

Similarly, PTV’s Customer Satisfaction Monitor (CSM) survey showed steady or improving customer satisfaction with Authorised Officer results for metropolitan train, tram and bus (see Table 1 below). The V/Line CSM does not measure satisfaction with AOs.

Table 1: Overall Satisfaction with Authorised Officers by Financial Year - Customer Satisfaction Monitor

Public Transport Mode	2013/14	2014/15	2015/16	2016/17	2017/18	1 st Quarter 2018/19
Metropolitan Train	72.3	73.6	73.6	74.3	77.5	79.2
Metropolitan Tram	69.5	69.8	70.4	70.2	73.4	75.4
Metropolitan Bus	75.0	76.6	75.8	78.3	79.4	80.5

Over the last five years, customer satisfaction with AOs has increased between 3.9 and 5.1 points on all three metropolitan modes. The first quarter of the 2018/19 financial year indicates a continuation of this trend.

Over the same period, changes to TfV processes have meant that a significantly higher proportion of Reports of Non-Compliance (RONCs) result in official warnings rather than fines. Changes to TfV prosecutions processes have also resulted in a significant reduction in the number of court cases involving public transport infringements and the department no longer prosecuting cases where there is evidence of special circumstances.

This plan also acknowledges that, in recent years, operators have continued working on improving customer experience through customer focussed measures including customer engagement shifts, coffee mornings at stations and the recruitment of AOs from a broad range of backgrounds and experience. Improving passenger experience is embedded in the new metropolitan train and tram contracts. This approach is showing positive results and will be further developed during 2019.

2.6 Commencement of new metropolitan train and tram contracts

On 30 November 2017, the new MR4 franchise contracts for metropolitan train and tram commenced. MR4 has a greater focus on customer service as part of both service delivery and network upgrade works. The new arrangements are therefore strongly aligned with the TCE reforms.

MR4 contract provisions include a requirement for the metropolitan train and tram operators to prepare a frontline staff plan that describes the way in which all frontline staff will support improved customer experience.

In January 2018, a new Partnership Agreement commenced for V/Line and new metropolitan bus franchise contracts commenced in July 2018. These agreements include a focus on improving

public transport services by providing a better passenger experience. They also set higher targets for punctuality and service delivery.

2.7 Responsibility for maximising fare compliance

PTV is responsible for:

- > setting the strategic framework for revenue protection
- > promoting innovation and overseeing specific initiatives to lead the industry
- > developing and undertaking marketing and information campaigns
- > overseeing the operation and continued development of the myki system
- > monitoring operator performance in line with contractual arrangements
- > undertaking regular fare compliance surveys, sharing the results with operators and publishing overall results in a timely fashion
- > developing overall strategy and deployment plans for Multi-Modal Authorised Officers (MMAO).

Operators are required to meet a number of contractual obligations under their Agreements with PTV. While the conditions vary between operators, some key elements are:

- > using reasonable endeavours to ensure passengers have valid tickets (including eligibility for concessions)
- > employing and deploying agreed numbers of Authorised Officers
- > working with PTV to develop, implement and comply with a Network Revenue Protection Plan
- > maintaining accurate records and providing reports to PTV on revenue protection measures.

In addition to their contractual requirements, public transport operators are responsible for:

- > managing customer service staff to maximise fare compliance, (e.g. through staffing ticket barriers at stations, providing information at tram and bus stops)
- > supporting the conduct of the fare compliance survey through commitment of Authorised Officers, and in the case of V/Line, train Conductors
- > contributing to MMAO deployment planning
- > providing timely and accurate metrics to support monitoring of revenue protection activities.

TfV is responsible for:

- > strategic public transport policy in relation to fares, ticketing, compliance and enforcement
- > regulatory and legislative change relating to enforcement
- > issuing and processing ticket infringement notices
- > managing updates to the ticketing conditions and new policy
- > accrediting and regulating Authorised Officers to ensure they have the authorisation required to undertake their duties.

2.8 Implementation of the plan

The Revenue Protection Plan Implementation Committee is responsible for delivery of the initiatives contained in this plan. Members of this group represent:

- > PTV
- > Transport for Victoria
- > Metro Trains Melbourne
- > Yarra Trams
- > Bus Association Victoria
- > Ventura
- > Transdev
- > V/Line.

This group will continue to meet every second month, with revenue protection meetings being held with individual modes in the intervening months.

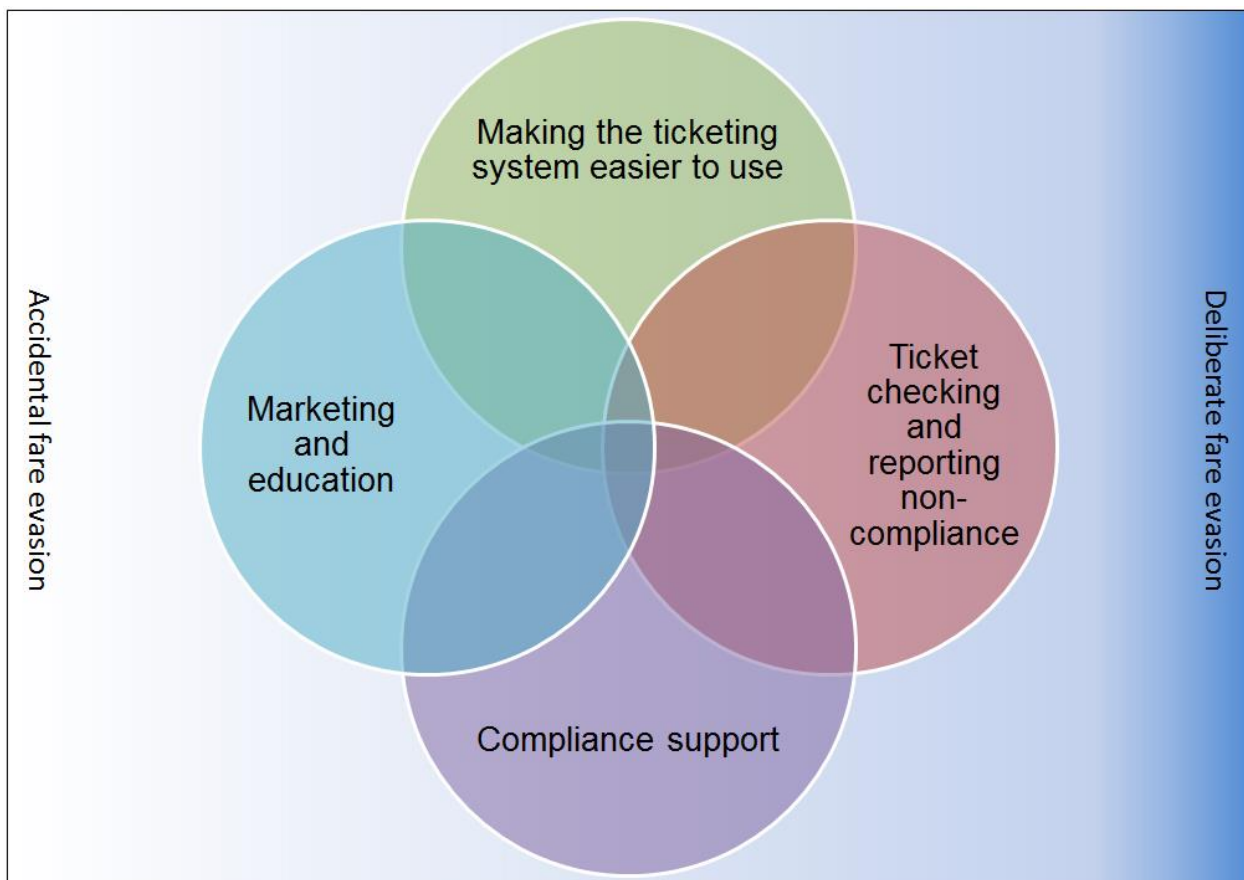
3 FARE COMPLIANCE STRATEGY

The complexity of fare evasion behaviour means that a range of actions are required for effective revenue protection.

The approach used by PTV and public transport operators is based on the following four themes:

- > making the ticketing system easier to use: continuous improvement to the ticketing system to make it easier to use, access and understand
- > compliance support: employees at stations and on the tram and bus network, ticket barriers at railway stations
- > ticket checking: activities by Authorised Officers, including reporting non-compliance
- > marketing and education: customer information campaigns to help passengers be ready to travel and use high readiness products, as well as making it easier to use myki by continually improving education on how to use the ticketing system.

Figure 2: Four themes of revenue protection

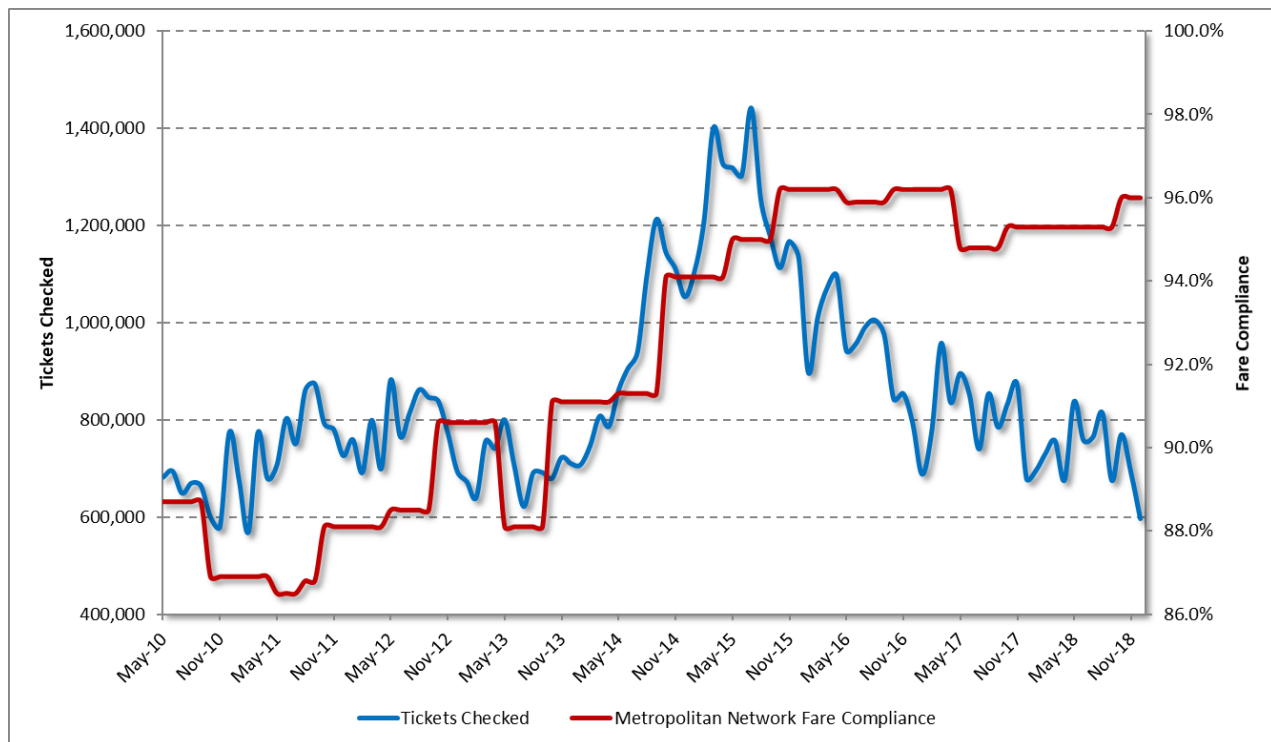


Each of the above themes in Figure 2 is important but none is sufficient on its own. Together, they support a suite of revenue protection measures that aim to make it easy for passengers to do the right thing and harder to deliberately and repeatedly fare evade. Moreover, the culture of fare compliance extends to public transport staff as well. This includes all frontline transport staff – such as bus drivers, V/Line conductors and railway station staff – understanding the role they each play in supporting revenue protection.

The aim of this approach is to encourage passengers to see travelling with valid tickets as the norm while, at the same time, providing better passenger information to reduce the likelihood of inadvertent fare evasion.

Ticket checking by AOs, V/Line train Conductors and ticket barriers are important to remind passengers of the need to travel with a valid ticket. Between May 2010 and May 2015, metropolitan data has shown a strong relationship between the fare compliance rate and the number of tickets checked (see Figure 3). The deviation between the two lines since November 2015 is due to AOs focusing on revenue protection through more customer education and support activities.

Figure 3: Fare compliance and tickets checked – May 2010 to December 2018



Marketing campaigns have supported a behavioural insights approach to fare compliance by raising awareness of high readiness myki products such as Auto Top-Up and myki Pass. Research indicated that many passengers were unaware of these products or needed additional information about them. Data collected during 2018 shows that there has been a small but steady increase in the use of Auto Top-Up following a campaign to raise awareness.

System support mechanisms also contribute to improved fare compliance across the network with the benefits being broader than individual modes. For example, ticket barriers at major train stations can help protect revenue on trams and buses. The majority of metropolitan Melbourne train passengers begin or end their train journey at a gated station, creating an incentive for them to travel with a valid ticket. This benefit extends to buses and trams because many passengers use multiple modes to complete their journeys.

Under this approach, fare compliance has remained at a high level and continuing this is the aim of the 2019 revenue protection actions.

4 2019 REVENUE PROTECTION PRIORITIES

As noted in Section 1, three priority areas underpin the initiatives to maintain fare compliance levels in 2019. These are discussed in more detail below.

4.1 Continue revenue protection activities in a way that improves passenger experience

4.1.1 Context

As outlined in the 2018 NRPP, the TCE reforms have resulted in significant improvements in customer experience on the public transport network. This has been demonstrated by a continued increase in customer satisfaction results, along with a reduction in complaints about AOs and infringements being received by PTV and the PTO.

The importance of the passenger experience has been further highlighted within the new contracts for train, tram and bus, and the V/Line partnership agreement.

Changes to the myki system have also contributed to improved fare compliance through measures including: commencing a program to install new faster myki readers on the tram and bus networks and installing Quick Top Up Machines (QTEMS) at key locations across the network. A continuation of these activities is planned for 2019.

PTV, operators and BusVic will continue the approach of working together to further improve customer experience by providing better information and providing support to passengers so that it is easier for them to travel with a valid ticket. This will include maintaining a continuous improvement approach to AO practice, making progressive changes to the myki system and providing better information to passengers about planned and unplanned disruptions.

4.1.2 Actions

- > Maintain continuous improvement approach to revenue protection and AO practice
- > Continue to support AOs and V/Line train Conductors in providing passengers with an improved end-to-end customer service experience.
- > Work collaboratively to identify additional ways to make it easier for people to travel with a valid ticket.
- > Continue to make the myki system easier to use through progressive improvements
- > Continue to increase the visibility of AOs across the public transport network.

4.2 Increasing fare compliance on the bus network

4.2.1 Context

Fare compliance across the metropolitan network has remained high over recent years but challenges remain. In order to maintain these results, fare compliance on the bus network will continue to be a priority for 2019.

The October 2018 fare compliance survey result for metropolitan bus was 92 per cent, higher than the May 2018 result of 91 per cent but lower than the October 2016 result of 93.6 per cent. Bus remains the mode with the lowest compliance.

The MMAO Unit was established in 2014, creating a significant pool of AOs available to work across the network, particularly on buses, with 65-70 per cent of MMAO deployments on the bus network. During 2018, MMAO deployments were informed by a number of data sources. For bus deployments, these included location-based fare compliance survey results, priority locations identified by bus operators and deployment feedback from MMAOs. In 2019, this approach will be further developed to include greater use of patronage data and a continued focus on education for younger passengers.

Where bus operators suggest deployments to particular locations, the MMAO Unit provides feedback about these deployments on request. This feedback loop between operators (including bus drivers) and the MMAO Unit means operators are encouraged to request further deployments thereby improving the insights available to inform the deployment process. This approach will continue during 2019.

4.2.2 Actions

- > Continue to increase MMAO interactions with bus passengers by making greater use of patronage and related data to plan deployments
- > Support bus drivers to encourage passengers to top up and touch on
- > Coordinate AO deployment activities at modal interchanges across the network to provide greater coverage of passengers travelling by bus
- > Maintain and further develop processes that promote operator input into MMAO deployment planning.

4.3 Increasing awareness of myki ticketing options and the importance of travelling with a valid ticket

4.3.1 Context

Increasing awareness of myki ticketing options and the importance of travelling with a valid ticket remains a priority for the 2019 NRPP. Education and marketing are the main mechanisms for delivering these messages to passengers.

PTV is continuing to trial a smartphone-based ticketing product that is designed to provide passengers with improved options for travelling with a valid ticket. The Mobile myki trial is expected to run until early 2019 when a decision will be made about a broader rollout. The new

technology is designed to allow passengers to check their balance at any time and top up on the go.

PTV is currently delivering a complete transformation of the passenger's online experience. This work will see the redevelopment of the PTV website and the delivery of a next generation app by the end of 2019. This includes embedding ticketing information more broadly across the PTV website and app enabling passengers to journey plan, see cost of trip and manage their myki account in a single online interaction.

During 2019, PTV will also undertake a 12 month trial of 7 and 30 Day Travel Passes. The Travel Passes are paper tickets that will be available to purchase at a discounted rate by community service organisations supporting vulnerable people. The trial will be promoted through channels such as PTV's website and letters to school principals.

Customer education to assist passengers with using the network and new ticketing products is a central part of all frontline staff roles. To support this function, frontline staff are increasingly utilising smart devices in field to provide clear information about ticketing products, timetables, journey plans and network disruptions (planned or unplanned).

In addition, each mode operates an education program that delivers information sessions for specific groups. Metro Trains' Community Education Unit works with a range of groups including schools, disability groups and international students. In 2018 Yarra Trams commenced a program that runs school education sessions about safety on and around trams along with the need to travel with a valid ticket. V/Line run similar sessions and BusVic has also expanded its program of school education sessions.

The PTO and TfV also incorporate education in their responses to feedback cases, so that those who lodge complaints have a better understanding of the ticketing system once their case has been considered and finalised. Responses to requests for infringement reviews also include information on the ticketing system where appropriate.

These education programs have been and will continue to be supported by marketing campaigns. During 2017/18, campaigns on myki Commuter Club and myki Auto Top Up have promoted these products and their benefits. From August 2017 to August 2018 the number of cards with Auto Top Up increased by 14%. The transaction top up share by month has increased to 8.4%, up from 6.7% over the same period.

4.3.2 Actions

- > Support marketing campaigns and customer information by using PTV customer segments and Fare Compliance Survey data to better target messages, including through social media channels, on vehicles, at stations and stops
- > Develop campaigns that build on previous marketing and further increase passenger knowledge of myki products and options
- > Improve promotion of high readiness ticketing products by Authorised Officers and V/Line train Conductors.

5 OTHER ACTIONS TO BE DELIVERED

In addition to the activities associated with the priority areas, the following actions will be delivered by PTV, BusVic and public transport operators during 2019. Actions have been categorised according to the strategic elements identified in Section 3.

5.1 Making the ticketing system easier to use

- > Oversee the operation and continued development of the myki system – PTV
- > Undertake twice yearly performance monitoring of ticketing system device availability from a passenger perspective – PTV
- > Continue regional PTV hubs in Bendigo and Geelong to provide specialised customer information and assistance to regional passengers – PTV
- > Respond to feedback provided through call centre, customer feedback channels and complaints management systems, including the Public Transport Ombudsman – PTV, metropolitan train, tram, bus, V/Line.

5.2 Compliance support

- > Provide regular updates on revenue protection activities – metropolitan train, tram
- > Include revenue protection considerations in special events planning – PTV
- > Support fare compliance activities with regular and ad hoc data-based reports – PTV
- > Communicate regularly with staff to remind them of the importance of fare compliance – PTV, metropolitan train, tram, metropolitan bus, V/Line
- > Continue to use the Intelligence Based Deployment strategy through a better understanding of the data – metropolitan train
- > Maintain agreed customer services staff numbers – metropolitan train, tram, V/Line
- > Continue to promote driver compliance with correct bus driver console usage and fault reporting – metropolitan bus
- > Continue strategies to support revenue protection activities by V/Line conductors and other staff – PTV, V/Line
- > Continue to staff and close wide ticket barriers at gated stations in line with contractual arrangements – metropolitan trains, V/Line.

5.3 Ticket checking and Reports of Non-Compliance

- > Deploy Authorised Officers strategically, using survey and other data, to a combination of high value areas and general network coverage to normalise fare compliance – PTV, metropolitan train, tram, metropolitan bus, V/Line
- > Progress planning for future Authorised Officer ticket checking equipment that improves customer experience – PTV, metropolitan train, tram, metropolitan bus, V/Line

- > Maintain agreed Authorised Officer numbers – metropolitan train, tram, V/Line
- > Deploy Authorised Officers at satellite depots to target specific routes and areas while reducing Authorised Officer travel times – metropolitan train, tram, PTV (MMAO)
- > Continue to improve Authorised Officer and staff visibility by using hi-visibility vests when officers are in uniform – tram.

5.4 Marketing and education campaigns

- > Develop and deliver on-system messaging to encourage passengers to travel with a valid ticket at all times and build better understand of the ticketing system – PTV
- > Continue to present all revenue protection information in terms of fare compliance rather than fare evasion – PTV, metropolitan train, tram, metropolitan bus, V/Line
- > Give presentations at schools and universities, as required, to educate students on behavioural requirements and the need to have a valid ticket – metropolitan train, tram, metropolitan bus, V/Line.

6 MEASUREMENT AND MONITORING

6.1 Network wide activity metrics

During 2017, PTV and operators have worked together to establish a consistent set of activity metrics. These indicators are aligned with the TCE reforms and reflect the breadth of revenue protection activities, including customer information about ticketing, journey planning and ticket checks.

Revenue protection metrics are regularly reviewed to ensure they remain relevant and changes are made where improvements are identified or different metrics are required.

6.2 Operator key performance indicators

Operators also use a range of metrics for planning and monitoring their own revenue protection activities. They work with PTV to coordinate activities and monitor revenue protection trends across the network

As in previous years, PTV and operators will share relevant data and prepare specific reports to inform the development and implementation of revenue protection activities.