



västtrafik

SMARTASTE VALET

The region of Västra Götaland

- 1,5 miljon inhabitants
- 49 communities
- 50 owners





ONE DAY WITH VÄSTTRAFIK

Approx. 700.000 trips

Average travelling distance: 12 kilometers (max. 250)

Average travelling time: 22 minutes

Transportation cost: approx. 2 euros per trip.

Passenger revenues: 1,1 euro per trip



Buses 365.000/day (52%)



Trams 280.000 per day (40%)



Trains 45.000 per day (7%)



Boats/ferries 7.000 per day (1%)



Transport contracts

- **All lines, except for the trams, are subjects for tender, normally for a period of 5- 9 years.**
- **Most of the contracts are gross contracts, with or without incentives. Västtrafik covers all costs, and takes all passenger revenues.**
- **Net contracts on Airport buses and regional trains.**
The Operators own prices and ticket system, in combination with Västtrafik paying the operator for the use of Västtrafiks monthly cards.



Gross contracts

Upside

- Västtrafik is in full charge of supply, timetables, stops etc.
- Integrated fare system. All kinds of Västtrafik tickets can be used by the passengers.

Downside

- The operators tend to be more interested in reducing costs rather than in customer satisfaction and passenger revenues.
- No incentives to make sure that Västrafiks ticket machines works and that passenger revenues are secured.



Net contracts

Upside

- The operator has a direct interest in passenger volumes, revenues and customer satisfaction. Stimulates good quality.

Downside

- The price- and ticket system is not integrated with Västtrafiks. Not so popular among passengers, media, politicians etc.
- Who is in charge of the transport supply? The operators goals and plans are not always the same as Västtrafik's.



**Is there some good compromise between
gross- and net contracts ?**



Gross contracts with incentives, bonuses and fines

- The operator gets a fixed amount of money related to a specific timetable, approx. 70- 80% of his total cost.
- The rest of the payment (20- 30% **incentive**) is dependent on the number of registered passengers (from Västrafik's ticket machines), sometimes also related to different intervalls.

Plus possibilities for

- Customer satisfaction **bonus**. + 2-4% "on top"
- Punctuality **bonus** (only trains so far) + 2- 4%"on top"
- Environmental bonus (replacing old vehicles, switching to better fuels etc)



Gross contracts with incentives, bonuses and fines

Customer Satisfaction

- **Measured through passenger surveys onboard**
- **Taken care of by independent research companies**
- **The surveys take place randomly**
- **Questions related only to things that the operator can affect**



Gross contracts with incentives, bonuses and fines

Passenger surveys, questions related to:

- **The drivers or the on board personal's behaviour**
- **Quality of information**
- **Cleaning**
- **Comfort (temperature)**



Gross contracts with incentives, bonuses and fines

Fines (examples)

- **3-5 times the Operators cost if a departure is cancelled**
- **300- 500 euro if a vehicle is not in proper shape.
Random checks in depots or along the line (trains)**
- **300- 500 euros if a train is operated without onboard personal**
- **Most of the fines are multiplied by 3- 5 if the misconduct is discovered by Västtrafik (and not reported by the operator)**



Implementation – today and tomorrow

| Type of contract | City Buses | Trams | Regional Buses | Regional Trains |
|-------------------------------------|------------|--------|----------------|-----------------|
| Net contracts | No | No | No A) | Going out |
| A) Airport buses have net contracts | | | | |
| Gross contracts | | | | |
| Share of PTA's revenues | No | No | Going out | No |
| Payment for no. of passenger | Yes | No | Yes | Yes |
| Punctuallity bonus | Coming | Coming | Coming | Coming |
| Customer Satisfaction bonus | Coming | No | Coming | Coming |
| Environmental bonus | Yes | No | Yes | No |
| Fines | Yes | Yes | Yes | Yes |



Gross contracts with incentives, bonuses and fines

Västtrafik's experiences

- **Pure gross contracts do not stimulate good quality and do not secure passenger revenues.**
- **Pure net contracts means uncertainty about who's in charge (and for Västtrafik also means integration problems concerning the ticketing system)**
- **Incentives directly related to Västtrafiks revenues means trouble when fares are set higher or lower than the normal inflation.**



Gross contracts with incentives, bonuses and fines

Västtrafik's experiences

- Incentives related to the number of passengers based on statistics from ticket machines works quite well in "closed" systems but not in "open" systems such as the trams in Gothenburg.
Supplementary passenger countings are necessary.



Gross contracts with incentives, bonuses and fines

Västtrafik's experiences

- Some kind of compromise between gross- and net contracts is probably the best way, but ...
 - what kind of incentives are the most efficient ones to improve quality and increase the number of passengers?
 - and what kind of incentives are possible for the operator to really affect?



Gross contracts with incentives, bonuses and fines

Västtrafiks experiences

- Try to create a "win- win" situation- there must be benefits for both sides
- Keep it simple!
too advanced models
 - take time to administrate
 - can lead to endless discussions between the PTA and the operator about methods, statistical confidence etc.
 - can be hard to estimate by the operator in a tender process and can therefore result in more expensive offers



Gross contracts with incentives, bonuses and fines

Västtrafiks´ experiences

- **Keep the incentives separated from the PTA´s fares and revenues.**



Gross contracts with incentives, bonuses and fines

And finally...

- Västtrafik has a lot to learn!



Thank you!

