



# **Review of NSW Government Fare-free Public Transport Initiative**

February 2023

**ARUP**

Mastercard



# 1. Scope of Review

Business NSW evaluated the impact of the NSW Government fare-free public transport initiative that was implemented during the period 14-26 April 2022 (which was also the school holiday period). As the initiative concluded at 4am on 26 April 2022, this analysis was based on the period 14-25 April 2022.

The initiative covered all Transport for NSW Opal network services in the Sydney, Blue Mountains, Central Coast, Hunter and Illawarra regions. It included train, bus, light rail and ferry services. This review specifically examines the impact of the initiative on Inner Sydney (defined as the postcode 2000).

The review includes three main components:

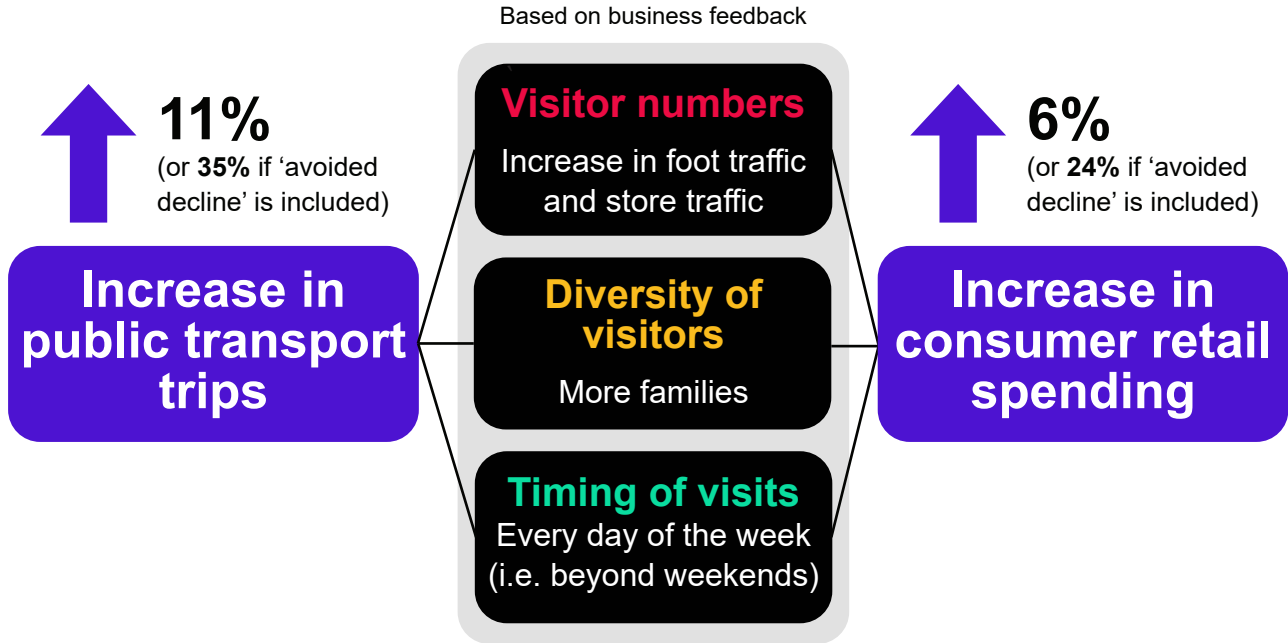
Component	Data source(s)	Conducted by
Analysis of transport patronage	Transport for NSW	Arup
Business feedback	Australian Retailers Association Restaurant & Catering Australia Australian Hotels Association	Business NSW
Estimation of the uplift in consumer spending	Mastercard	Business NSW

Table 1: Scope components

## APPROACH TO ANALYSIS

- The review compares the levels of activity during the fare-free initiative against the immediate pre-trial initiative period.
- The impact of the initiative is estimated based on the difference in activity between the two periods.
- The equivalent periods in 2019 are used as baseline to examine the difference in activity between the two periods in the absence of Government stimulus measures. Data from the years 2020 and 2021 are not examined, as consumer activity during the time was heavily impacted by the Government's COVID-19 response.
- The net impacts of the fare-free initiative presented in this report are estimated by capturing:
  1. the increase in activity during the fare-free initiative (compared to the pre-trial period)
  2. the avoided decline in activity during the fare-free initiative (compared to the pre-trial period)
- In this report, results are presented in two ways: (1) and (1)+(2).

## KEY FINDINGS



*Note: The above findings are based on Inner Sydney (with postcode 2000)*

*Figure 1: Key findings from the review of NSW Government's fare-free public transport initiative*

# 2. Media Coverage

The fare-free initiative saw an expanse of media coverage, from ferries at capacity to retail shops being overcrowded. Some examples include:

## Free fares spark surge in Sydney public transport demand during day



Matt O'Sullivan  
April 21, 2022 - 4:21pm

Save Share A A

Free fares have sparked a surge in demand for public transport in Sydney during the middle of the day as people take discretionary trips on trains, ferries and light rail instead of driving, new figures show.

In a clear sign of the influence of free fares, trips during off-peak periods between 9am and 4pm rose 13 per cent on Tuesday, compared with the same days over the month prior. Day-time travel also surged by 29 per cent on Sunday, and by 54 per cent last Saturday.

Ferries experienced the biggest surge in demand as daytime trips rose by 123 per cent on Tuesday. It followed a 101 per cent rise on Sunday, and a 222 per cent jump last Saturday when the level of demand prompted authorities to ask people to consider travelling early or late in the day.



People make the most of free public transport in central Sydney on Thursday. JESSICA WOODS

Trips on trains between 9am and 4pm also rose 16 per cent on Tuesday, and by 38 per cent on light rail services.

### TALKING POINTS

- Twelve days of free travel sparked a surge in demand for public transport in Sydney in the middle of the day.
- A Sydney transport expert says the data shows the free travel period had encouraged people to take more discretionary trips on trains, ferries and light rail instead of driving.
- Ferries experienced the biggest surge in demand as daytime trips rose by 123 per cent on Tuesday.
- Transport Minister David Elliott said he would consider making the date to Treasury for a repeat of the free travel period if supported by the business community.
- The 12 days of free travel ends at 4pm on April 26, and covers Coast public transport in Sydney, the Blue Mountains, Central Coast, the Hunter and the Illawarra.

## The day Sydney finally got its buzz back



Anna Patty  
April 18, 2022 - 5:28pm

Save Share A A

Weary from two years of COVID-19 rules and weeks of rain, Sydneysiders were out with abandon across the city on Easter Monday, embracing the sunshine and free public transport.

By lunchtime, the Royal Easter Show had sold out, after crowds reached the capacity of 80,000, while shoppers were lining up outside Louis Vuitton and inside the Apple store on George Street in the city.



## Sydney commuters to receive 12 free days of public transport



Tom Rabe  
March 27, 2022 - 12:01am

Save Share A A

Commuters will travel for free across Sydney's entire public transport network for 12 consecutive days during the Easter holidays as the government seeks to spur a return to city centres and make amends for widespread disruption.

The fare-free deal comes after weeks of tense negotiations between the state government and rail unions over pay and workplace conditions which culminated in a 24-hour shutdown of the train network last month.



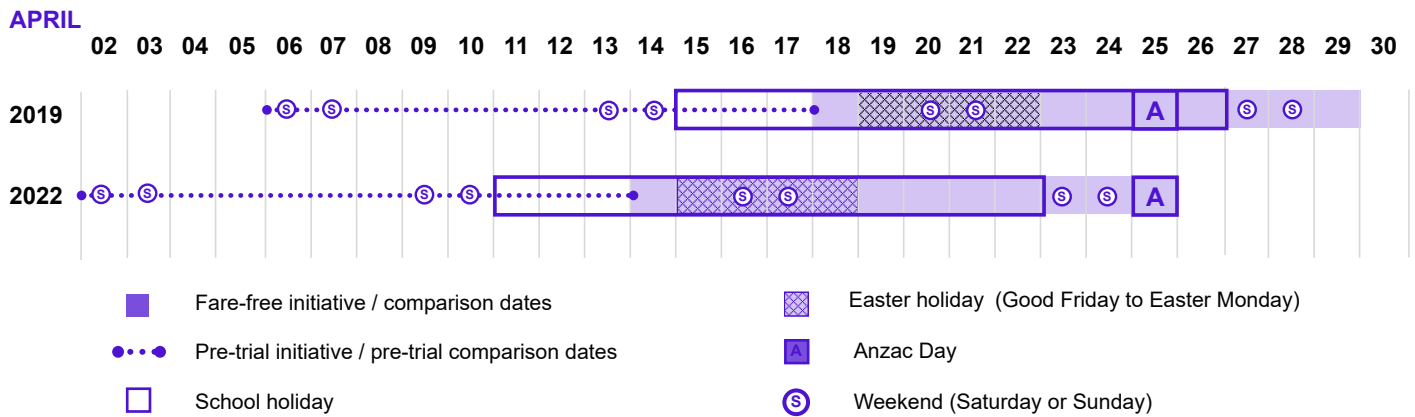
Sydney's free public transport initiative sees ferry trips surge

Figure 2: News articles relating to the fare-free initiative (Source: Sydney Morning Herald)

# 3. Impacts on Transport Patronage

## DATES USED FOR TRANSPORT ANALYSIS

Dates which have been used for analysis are highlighted within the graphic below.



Note: It is worth noting the pre-trial initiative accounts for the 12 days before the fare-free trial initiative which occurred on the 14 April 2022

Figure 3: Key dates analysed

## DIFFERENCE IN PUBLIC TRANSPORT TRIPS

The analysis shows an 11% increase in public transport trips for the 2022 fare-free initiative compared with the pre-trial period.

If the 'avoided decline' based on the pattern observed in 2019 is captured, public transport trips were up by 35% in total during the fare-free initiative.

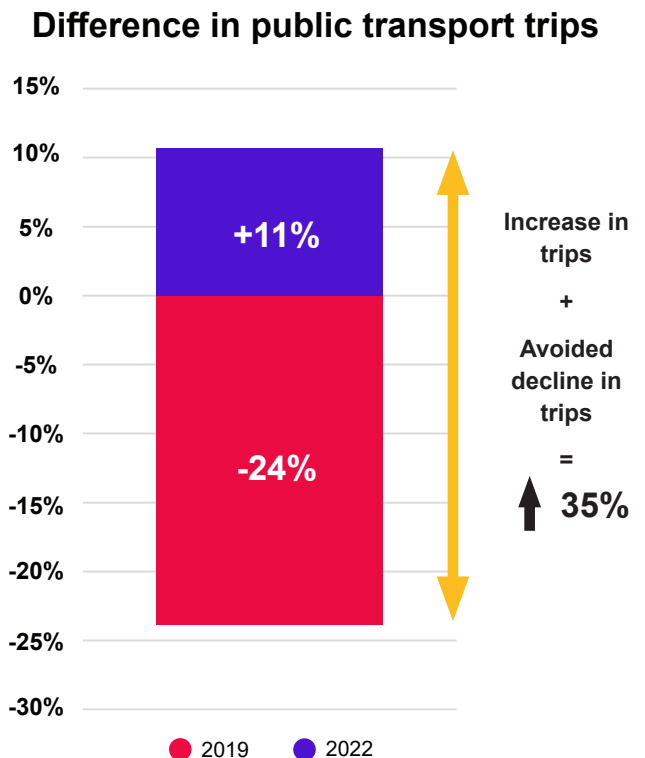
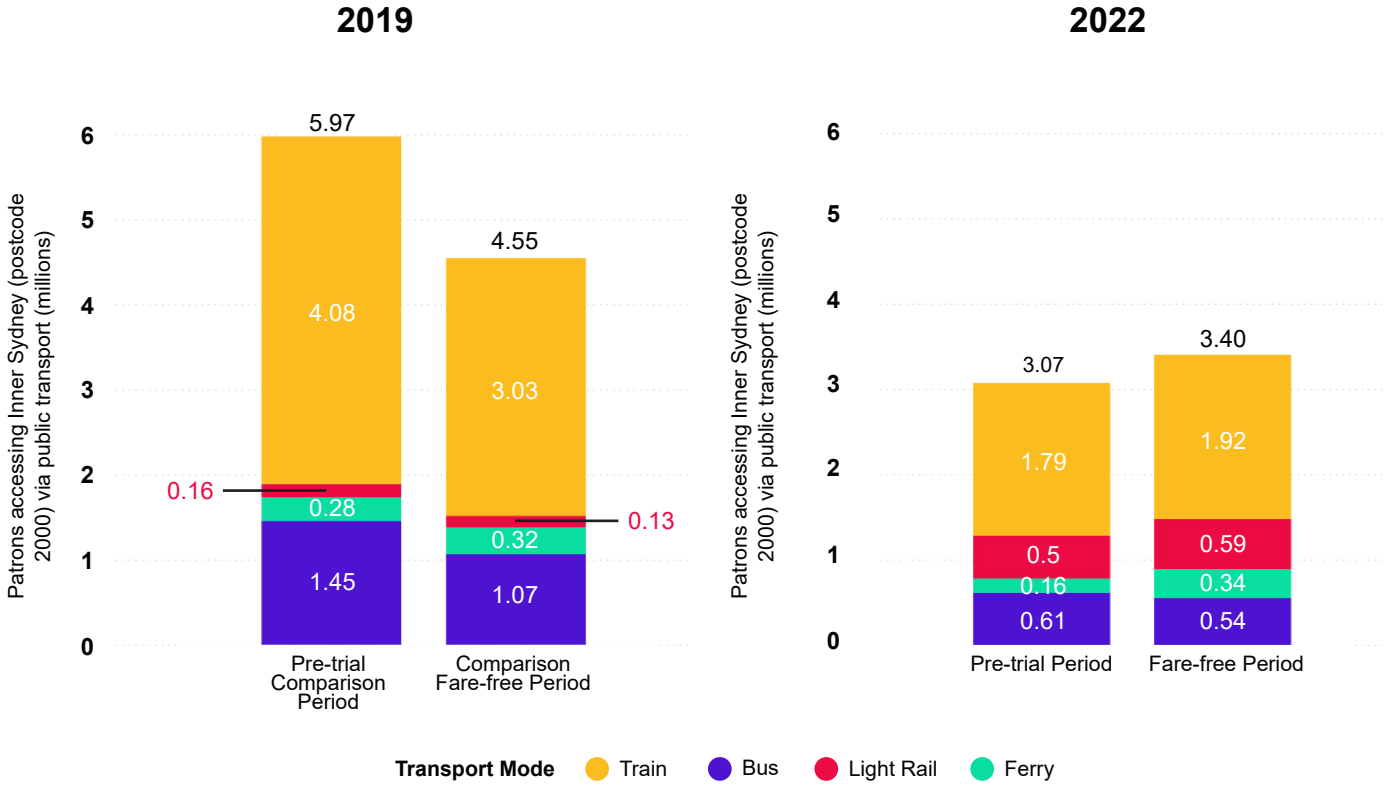


Figure 4: Difference in public transport trips in Inner Sydney (postcode 2000) (Data source: Transport for NSW)

## PUBLIC TRANSPORT TRIP ANALYSIS BY MODE



Note: Light rail network expansion occurred in 2019 and 2020, which may have contributed to higher light rail trips in 2022 and potential mode shift from other modes.

Figure 5: Public transport trips taken in 2019 and 2022 (separated by mode) (Data source: Transport for NSW)

## PUBLIC TRANSPORT TRIP ANALYSIS BY MODE (2022)

The percentage of trips on the more ‘experiential’ mode (i.e. ferry) increased substantially during the fare-free initiative when compared with the pre-initiative period in 2022.

Train trips also increased by 7% (which is significant in terms of number of passengers), while bus trips declined.

Transport Mode	Fare-free initiative growth / decline (2022)	Total Difference in Trips (2022)
Train	+7%	+133,000
Bus	-11%	-68,000
Light rail	+17%	+83,700
Ferry	+110%	+179,600
Total	+11%	+328,300

Table 2: Growth and decline & total difference in public transport trips (2022) (Data source: Transport for NSW)

### Growth and Decline in Public Transport Trips (2022)

During the fare-free initiative

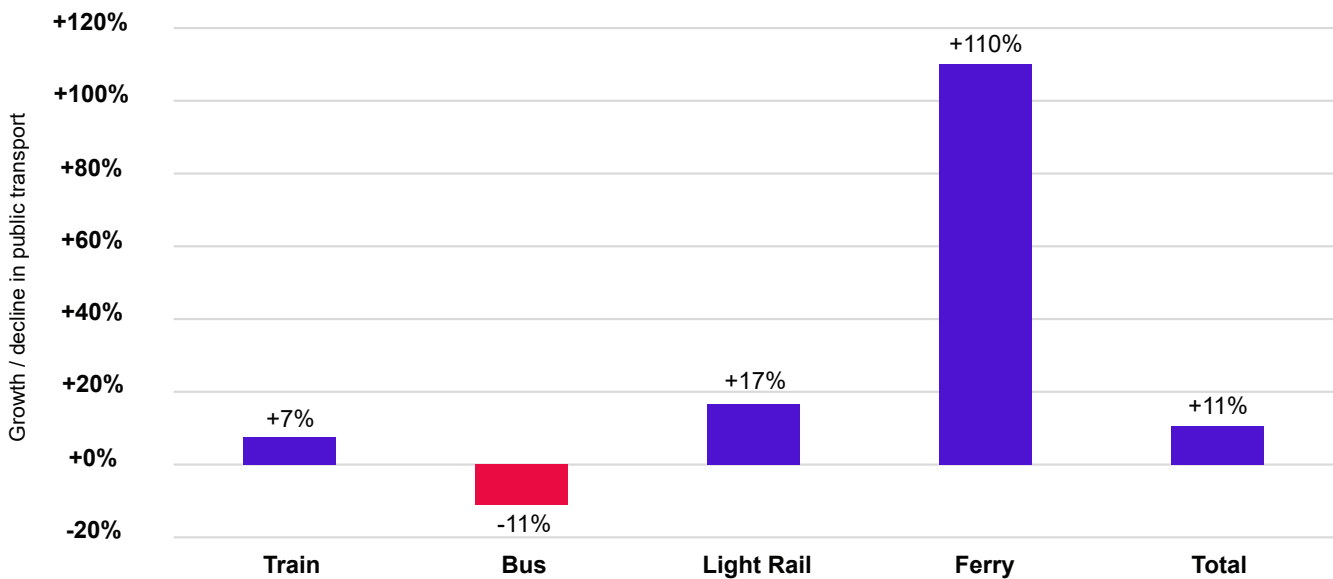

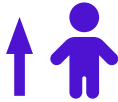


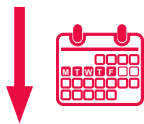
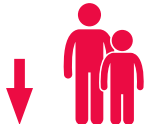

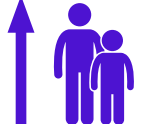
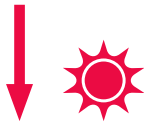





Figure 6: Growth and decline in public transport trips (2022) (Data source: Transport for NSW)

	2019	2022
<p><b>AVERAGE DAILY TRIPS BY CUSTOMER TYPE</b></p>	<p> <b>25%</b> decrease in adult trips* in <b>2019</b> during the fare-free comparison period</p> <p> <b>10%</b> increase in children / youth** trips in <b>2019</b> during the fare-free comparison period</p>	<p> <b>10%</b> increase in adult trips* in <b>2022</b> during the fare-free initiative</p> <p> <b>89%</b> increase in children / youth** trips in <b>2022</b> during the fare-free initiative</p>
<p><b>AVERAGE DAILY TRIPS WEEKDAYS &amp; WEEKENDS</b></p>	<p> <b>41%</b> decrease in trips on <b>weekdays</b> during the fare-free comparison period</p> <p> <b>9%</b> decrease in trips on <b>weekends</b>*** during the fare-free comparison period</p>	<p> <b>2%</b> increase in trips on <b>weekdays</b> during the fare-free initiative</p> <p> <b>23%</b> increase in trips on <b>weekends</b>*** during the fare-free initiative</p>
<p><b>AVERAGE DAILY TRIPS TIME OF DAY</b></p>	<p> <b>45%</b> decrease in trips during the <b>AM peak</b> (6-10) during the fare-free comparison period</p> <p> <b>7%</b> decrease in trips during the <b>rest of the day</b> during the fare-free comparison period</p>	<p> <b>32%</b> decrease in trips during the <b>AM peak</b> (6-10) during the fare-free initiative</p> <p> <b>23%</b> increase in trips during the <b>rest of the day</b> during the fare-free initiative</p>

\* Adult trips include TfNSW employee trips (trips made by those who are employed by Transport for NSW or a Transport agency).

\*\* Youth trips include children aged 4 to 15 years inclusive and full-time NSW / ACT school students aged 16 years and older who have a senior secondary student card.

\*\*\* Weekends include public holiday trips.



# 4. Business Feedback

## WOULD YOUR INDUSTRY SUPPORT FUTURE FARE-FREE INITIATIVES?

- ✓ “It’s a key driver to getting people back into the city however the city requires a much more fulsome program to get people back. Free fares on its own will not be enough.”

~ *Australian Retailers Association*

- ✓ “1. R&CA supports this initiative as a way to encourage Sydneysiders to come back into the CBD and enjoy our magnificent city. There is so much to do and see in the Sydney CBD and so many fantastic hospitality offerings.

2. The Government however must advertise this initiative widely to encourage the public to take it up.”

~ *Restaurant & Catering Australia*

- ✓ Support from 7 out of 8 venues surveyed.

~ *Australian Hotels Association*



## FUTHER INDUSTRY INSIGHTS

“Most retailers would have benefitted from the fare-free initiative... Whilst the retail industry overall has done well, it’s an uneven recovery. CBD retailers are still suffering with low foot traffic predominantly driven through the week due to the absence of office workers. Weekends appear to be back to pre-COVID-19 levels. Monday’s and Friday’s remain the biggest challenge.”

~ *Australian Retailers Association*

“Venues stated they noticed a marked increase in the amount of foot traffic during this period. It stands to follow that if it is easier for people to travel to the city they will come and make a day of it.”

~ *Restaurant & Catering Australia*

“The free public transport was one of the most effective Government initiatives since the start of the COVID-19 pandemic.”

“The main observation was it was 7 days NOT just weekends and covered all ages.”

“More pedestrians on the street, particularly on Monday’s and Friday’s when there are less workers in the CBD.”

~ *Australian Hotels Association*



# 5. Estimating Uplift in Consumer Spending

## CHANGE IN CONSUMER RETAIL SPENDING

Daily Mastercard spend by category (2019)

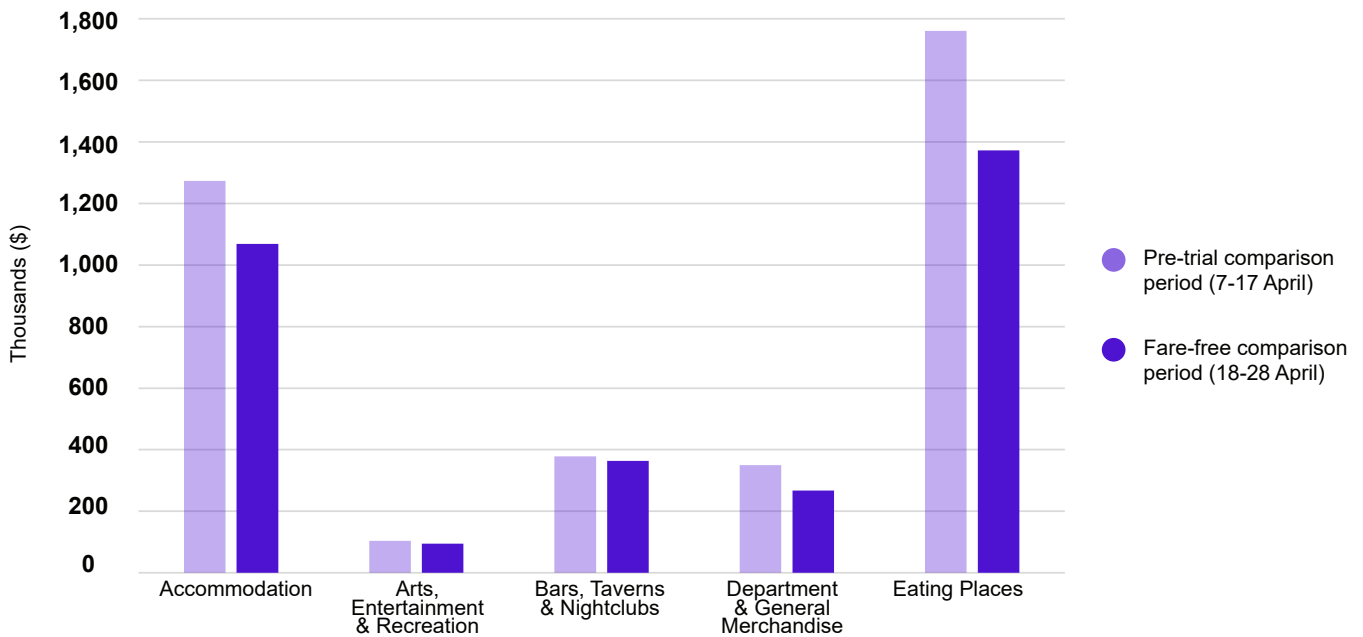


Figure 7: Daily credit and debit card spend in 2019 (Data source: Mastercard)

Daily Mastercard spend by category (2022)

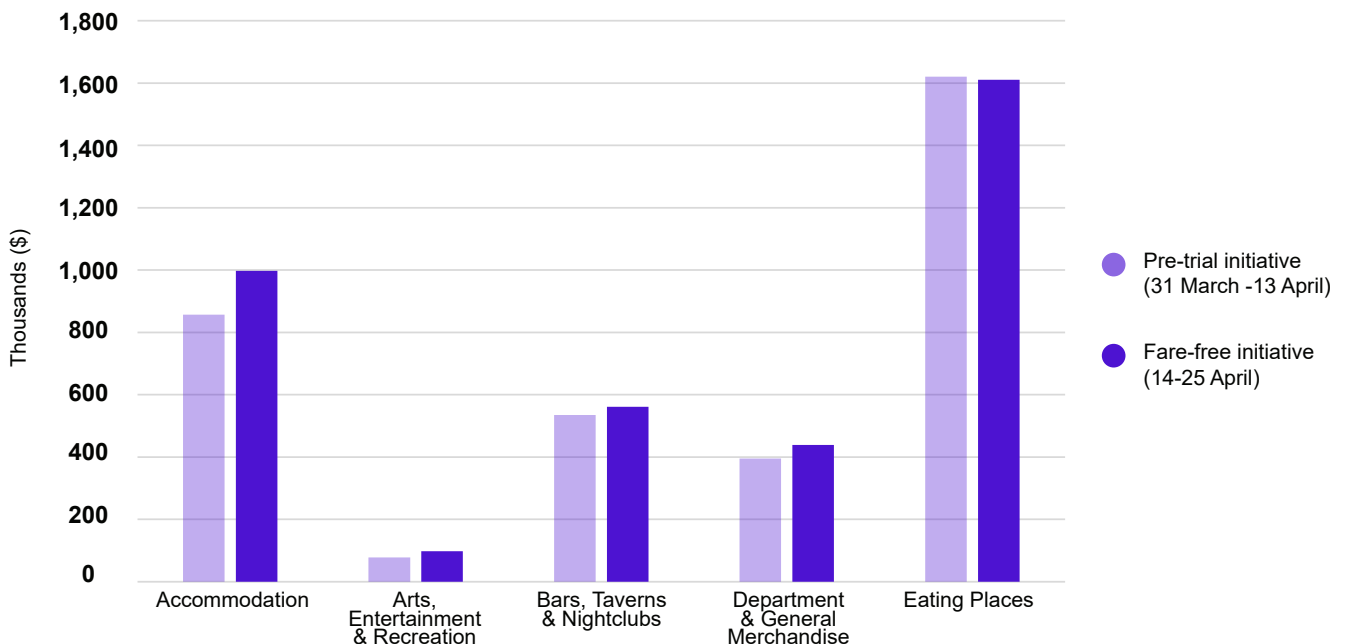


Figure 8: Daily credit and debit card spend in 2022 (Data source: Mastercard)

## INCREASE IN CONSUMER RETAIL SPENDING

The boost to spending is estimated by capturing:

(1) The increase in spending during the 2022 fare-free initiative (compared to the pre-trial period)

(2) The avoided decline in spending during the fare-free initiative (if the 2019 consumer spending pattern was repeated)

Over the 12-day fare-free initiative, average daily consumer spending across the five major retail categories was up **6%** compared to the pre-trial period, or **24%** if the avoided decline is also included.

Category	Increase in spending per day (1) + (2)
Department & General Merchandise	35%
Art, Entertainment & Recreation	35%
Accommodation	33%
Eating Places	21%
Bars, Taverns & Nightclubs	9%

Table 3: Consumer retail spending (Source: Business NSW calculations based on Mastercard data)

# 6. Assumptions & Data Limitations

## TRANSPORT DATA ASSUMPTIONS

- Comparison dates for 2019 and 2022 are as follows:

	2019	2022
<b>Pre-initiative comparison period / pre-initiative period</b>	6th April 2019 – 17th April 2019 (12-day period)	2nd April 2022 – 13th April 2022 (12-day period)
<b>Fare-free comparison period / fare-free initiative</b>	18th April 2019 – 29th April 2019 (12-day period)	14th April 2022 – 25th April 2022 (12-day period)

- Dates analysed for 2019 and 2022 have been selected based on school holidays, Easter public holiday long weekend, Anzac day public holiday and number of weekdays as a metric of similarity between the two years.
- Transport data that was analysed is specific to postcode 2000 only (Barangaroo, Dawes Point, Haymarket, Millers Point, Parliament House, Sydney, Sydney South, The Rocks); conclusions may not extrapolate to rest of Sydney.
- Some transport gates were open throughout the fare-free initiative in 2022, therefore some trips may not have been recorded resulting in undercounting of the patronage data.
- When assessing trip demographics, employee trips have been agglomerated with adult trips.
- Adult / employee and child / youth card types have been used for this assessment. Senior / concession and 'other' card types have been excluded within this study.
- Public holiday trips are considered weekend trips for the purposes of this analysis.
- The dates analysed excluded the 26th of April 2022 as it was not a full day of fare-free transport (trial ended at 4am on the 26th of April).

## **TRANSPORT DATA LIMITATIONS AND CONSIDERATIONS**

- Impacts of Easter 2022 being the end of some COVID-19 restrictions may have increased desire for people to go out.
- Easter and Anzac Day are not always on successive weekends.
- Weather conditions and its impact on public transport use has not been considered in this assessment.
- Events and other external factors that may influence public transport patronage have not been included in the assessment.

## **CREDIT AND DEBIT CARD DATA LIMITATIONS AND CONSIDERATIONS**

- The analysis is based on debit and credit card spend. Purchases settled by other means of payment (e.g. cash) are not captured.
- The analysis is based on Mastercard customers only. As Mastercard is one of the key payment providers in Australia, its users have been assumed in this analysis to be representative of Sydney consumers.
- The 'Dine and Discover' vouchers were still valid during the public transport fare-free initiative; it is beyond the scope of this review to examine voucher usage and/or evaluate the vouchers' impact on transport usage and retail spending.

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