

Projects

South Australia Ticketing Business Case

Development of a business case to support the rollout of new ticketing equipment in greater Adelaide on bus and rail



LOCATION

Adelaide, SA

CLIENT

South Australian Department for Infrastructure and Transport

BUSINESS CASE DEVELOPMENT

FINANCIAL AND COMMERCIAL

Background

The Adelaide Metro public transport system provides travel options to around 65 million passengers every year. Most of the systems customers use the Adelaide Metrocard, a card-based smartcard system, to pay for their travel. The Metrocard system has operated for many years and served the city well. However, by 2020, the system was nearing its end of life and substantial components of it required upgrades or replacement to ensure passengers would continue to be able to efficiently pay for their travel. A limited amount of the required upgrade had already been completed, particularly on the city's tram network. Additional investment was required for the more extensive bus and rail network which transported the majority of commuters through the day.

Our role

NineSquared was engaged by the South Australian Department for Infrastructure and Transport to prepare a business case to support the roll-out of new ticketing equipment in greater Adelaide on bus and rail. The ticketing business case considered options for the future of ticketing that were previously developed by NineSquared as part of a fare strategy and ticketing road map and Ticketing Concept of Operations for the city. The business case formed part of a funding submission to the South Australian Government and covered the strategic assessment of the service provision and detailed the case for change. As well as drafting the business case, NineSquared undertook a detailed financial and socio-economic evaluation of each of the five options being considered. The analysis was based on a detailed discounted cash flow model (DCF) of the Adelaide ticketing system environment and was informed by industry expertise from both NineSquared and our partners on the engagement, Corneum. A critical element of the DCF model was the forecast use by passengers of credit and debit cards and other devices to pay for their travel in the future. Modelling of the Adelaide take-up was based on a review of take-up rates in London, Sydney and other cities that already offered similar functionality.

Risks, benefits management, implementation planning, procurement planning and communications strategies were all addressed in the business case document in line with SA Treasury requirements. The business case also needed to support a budget submission so specific budgetary impacts were estimated which would normally not be included in a financial and economic evaluation. This included, for example, depreciation and financing impacts to enable a complete picture of the impact on departmental budgets to be developed. The analysis also included consideration of the HR impacts (including, for example, re-deployment costs).

FOR FURTHER INFORMATION

For more information, find one of our experts at ninesquared.com.au/people