Metropolitan and Outer Metropolitan Buses - Costs and Service Performance Report 2012

Transport — Final Report
December 2012

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The Tribunal members for this review are:

    Dr Peter J Boxall AO, Chairman

    Mr James Cox PSM, Chief Executive Officer and Full Time Member

    Mr Simon Draper, Part Time Member

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1   Introduction and context

IPART is responsible for determining maximum fares for CityRail, Sydney Ferries and metropolitan and outer metropolitan bus services.

We publish prices, costs, revenue and information about public transport service performance for the modes and services where we regulate the maximum fares that can be charged. This helps ensure that service providers are held accountable for their costs and service quality and provides an incentive for operators to maintain or improve performance.

In 2009, we determined the maximum fares applicable for metropolitan and outer metropolitan buses for each year from 2009-2013. Each year, Transport for NSW proposes fares for individual tickets which we monitor to ensure they are below the maximum levels we have determined. This year we have released a separate document that sets out fares for metropolitan and outer metropolitan buses as well as CityRail and Sydney Ferries from January 2013.[1]

This report reviews the costs, revenue and quality of metropolitan and outer metropolitan bus services in 2011/12. In it we analyse trends in cost recovery of metropolitan and outer metropolitan bus services and the underlying reasons for changes. We review the quality of metropolitan and outer metropolitan bus services and compare this to performance targets where they have been set. We have reviewed the costs and service performance of CityRail and Sydney Ferries in our recent determinations Review of fares for CityRail services from January 2013 and Review of fares for Sydney Ferries from January 2013.

2   Costs and cost recovery

This section provides an overview of the actual contract costs and revenue in 2011/12 for all bus regions and the level of cost recovery from fares and compares these outcomes with those from the last 3 years.

In this section, 'contract costs' refers to the government payments made to bus operators under the bus contracts, not 'efficient costs'.[2]

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[1] IPART, *Compliance Statement - Fares for CityRail, Sydney Ferries and Metropolitan and Outer Metropolitan Bus Services from January 2013*, December 2012.

[2] Efficient costs of providing bus services may be lower than actual costs of providing bus services if poor decisions have been made or there are inefficient operating practices. They could be higher than actual costs if not all relevant costs of providing bus services are captured in payments to operators (for example the full capital costs of the bus fleet, depots and bus related expenditure by Roads and Maritime Services (RMS)). For further discussion see our Final report *Review of fares for metropolitan and outer metropolitan bus services from January 2010*, December 2009.

Transport for NSW is responsible for the contracting and regulation of passenger bus services in NSW. Since October 2005, metropolitan bus operators have operated under service contracts which provide consistent fares, concessions and service standards for customers on both public and private bus services.

The NSW Government is currently undertaking a competitive tendering process for several of the metropolitan bus service contracts. In November this year, the Government announced that it had awarded contracts for 4 of the metropolitan regions that will result in average savings of more than $18 million a year.[3] A further 4 regions will be tendered in early 2013.[4]

2.1   Metro and outer metro bus costs over the past year

In 2011/12, the total contract cost of providing services across the 15 metropolitan and 10 outer metropolitan regions was $1,242.9 million.[5]

The Minister for Transport has announced[6] that since coming to office additional bus services have been introduced and services extended in the growth areas of north-west and south-west Sydney and that improvements have been made to bus links to employment centres of Parramatta, Liverpool, Macquarie Park, Western Sydney Employment area, North Sydney and the Sydney CBD. These changes are reflected in the 9% increase in costs of providing services and 4.8% growth in bus revenue kilometres in 2011/12. Payments to operators for additional service kilometres and growth buses accounted for $37 million (37%) of the increase in costs in 2011/12.[7]

2.2   Revenue and cost recovery

In 2011/12 operators across metropolitan and outer metropolitan bus regions collected $336.8 million in fare revenue, which is a 3.4% increase in fare revenue collected in 2010/11 ($325.7 million).[8]

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[3]   Minister for Transport, 7 November 2012, Media Release: New Bus Contracts Benefit Customers and Taxpayers, Available from: http://www.transport.nsw.gov.au/sites/default/files/b2b/20121107-Med-Rel-Gladys-Berejiklian-Bus-contracts.pdf, Accessed 23 November 2012.

[4]   Transport for NSW, Sydney bus services tenders, Available from http://www.transport.nsw.gov.au/content/sydney-bus-services-tenders Accessed 23 November 2012.

[5]   This is a nominal increase of $102 million, or 9%, from 2010/11.

[6]   Minister for Transport, 20 November 2012, Media Release: 3000 Extra Public transport services a week for Sydney, available from http://www.transport.nsw.gov.au/media-releases/3000-extra-public-transport-services-week-sydney, accessed 22 November 2012.

[7]   About $8 million of the $100 million increase in costs in 2011/12 is attributable to Transport for NSW now including payments for the Parramatta Loop service and T80 service in its cost calculations. (Source: e-mail from Transport for NSW 23 November 2012.)

[8]   IPART, *CityRail and Metropolitan and Outer Metropolitan Bus Services: Prices and Services Report 2011,* December 2011, p 39.

Fare revenue as a proportion of total contract costs was 27.1% in 2011/12, down from 28.5% in 2010/11.

There has been a steep decline in the proportion of contract costs recovered from fares over the past 3 years as in 2008/09 about 37% of contract costs were recovered through fares. The $336.8 million collected in fares in 2011/12 was an increase on fare revenue collected the previous year, but remains lower in nominal and real terms than fare revenue in 2008/09 and 2009/10. Farebox revenue in 2011/12 was 14% lower than our forecast of $390.5 million (nominal) in our 2009 report, largely due to fares being set below the maximum following the introduction of MyZone.

Fare revenue fell in 2010/11 due to the introduction of MyZone in April 2010 (which reduced fares, especially for longer distance bus trips and created incentives for users to pre-purchase tickets) and the previous NSW Government's decision not to increase fares in January 2011. Fares increased in January 2012 by 5.55% and fare box revenue increased in 2011/12.[9]

Table 2.1 illustrates how costs and revenue have changed over the last 3 years, leading to a steady decline in cost recovery.

The fall in cost recovery for buses is a result of both an increase in costs and a decrease in fare revenue.

Table 2.1   Revenue and cost recovery 2008/09 to 2011/12 (nominal $million)

	2008/09	2009/10	2010/11	2011/12
Metropolitan				
Total contract cost ($m)	$781.20	$843.50	$953.30	$1,036.44
Fare box revenue ($m)	$320.80	$322.50	$305.20	$315.64
Fare box as a % of total contract cost	41%	38%	32%	30%
Outer metropolitan				
Total contract cost ($m)	$156.30	$165.00	$187.80	$206.43
Fare box revenue ($m)	$22.60	$21.90	$20.50	$21.19
Fare box as a % of total contract cost	14%	13%	10.90%	10%
Total				
Total contract cost ($m)	$937.60	$1,008.50	$1,141.10	$1,242.87
Fare box revenue ($m)	$343.40	$344.40	$325.70	$336.83
Fare box as a % of total contract cost	.	34%	28.50%	27.1%

Data Source: Transport for NSW.

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9   IPART *CityRail and Metropolitan and Outer Metropolitan Bus Services: Prices and Services Report 2011*, December 2011, p 5.

3   Service performance overview

While bus operators' incentives for maintaining or improving service quality are not directly affected by our determinations we are reporting on bus service performance to improve transparency and accountability and to ascertain trends in service quality. The quantity and quality of bus services operators are required to provide are established in their contracts with Transport for NSW.

We consider it is important that the performance information provided from year to year be standardised across operators and be consistent so a time series can be constructed. This allows for analysis of trends in service quality over time. Transport for NSW has sought to improve data quality by reviewing monthly data reported by bus operators and undertaking a number of data checks to ensure accuracy of the data. Transport for NSW reports that these steps and more stringent reporting requirements for cost information have contributed to improvement in data quality.

In 2011/12:

▼ Patronage on metropolitan and outer metropolitan bus services increased by 2%.

▼ The number of timetabled services increased by 3% overall and increased in both metropolitan and outer metropolitan contract areas.

▼ On time running remained at about the same levels as in 2010/11 in the metropolitan area and at 92% is below the contract target level (95% buses depart on time). It can vary considerably month by month and across contract regions.

▼ On-time running in the outer metropolitan regions has improved a little, although the method of measuring on time running in outer metropolitan regions is not very reliable.

▼ About half of all timetabled services in metropolitan regions are scheduled to be wheelchair accessible. 55% of services in the outer metropolitan regions are scheduled as wheelchair accessible.

▼ The proportion of buses that are wheelchair accessible has continued to increase. In 2011/12, 73% of metropolitan buses and 44% of outer metropolitan buses are wheelchair accessible.

We usually also draw upon the findings of the Bureau of Transport Statistics' annual survey of public transport passengers to provide a picture of customer satisfaction with bus services. This year the survey was carried out in October and November, and results are not available yet.

3.1 Patronage

In 2011/12 there were increases in patronage on both metropolitan and outer metropolitan buses. There were:

▼ 203.4 million passenger journeys[10] on metropolitan buses, an increase of 2% on 2010/11, and

▼ 15.9 million passenger journeys[11] on outer metropolitan buses, an increase of 2.6% compared with 2010/11.

93% of all bus trips made by fare paying passengers in 2011/12 were made in the metropolitan bus regions and 70% of all bus trips by fare paying passengers were made in the 4 contract regions serviced by Sydney Buses.

3.2 Quantity of services

In 2011/12 the quantity of bus services continued to grow. In 2011/12:

▼ 8.3 million bus services were timetabled in the metropolitan bus regions (a 2.4% increase on 2010/11) and 1.3 million bus services were timetabled in the outer metropolitan bus regions (a 6.7% increase on 2010/11). See Figure 3.1.

▼ 126.7 million kilometres of bus services were timetabled in the metropolitan bus regions (an increase of 4.4%) and 28.8 million kilometers of bus services were scheduled in the outer metropolitan bus regions (an increase of 6.4%). See Figure 3.2.

These figures reflect:

▼ additional bus services introduced and services extended in the growth areas of north-west and south-west Sydney, and

▼ improvements made to bus links to employment centres of Parramatta, Liverpool, Macquarie Park, Western Sydney Employment area, North Sydney and the Sydney CBD.[12]

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10 Excluding travel under the school student transportation scheme.
11 Excluding travel under the school student transportation scheme.
12 Minister for Transport, 20 November 2012, *Media Release: 3000 Extra Public transport services a week for Sydney*, available from http://www.transport.nsw.gov.au/media-releases/3000-extra-public-transport-services-week-sydney, accessed 22 November 2012 and email from Transport for NSW 23 November 2012.

Figure 3.1   Timetabled bus services 2008/09 to 2011/12
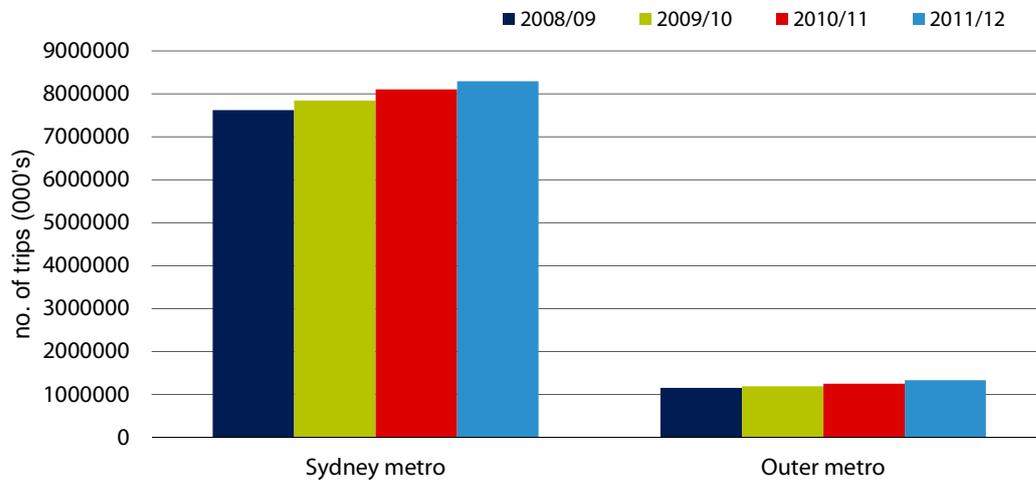
Data source: Transport for NSW.

Figure 3.2   Timetabled bus service kilometres 2008/09 to 2011/12
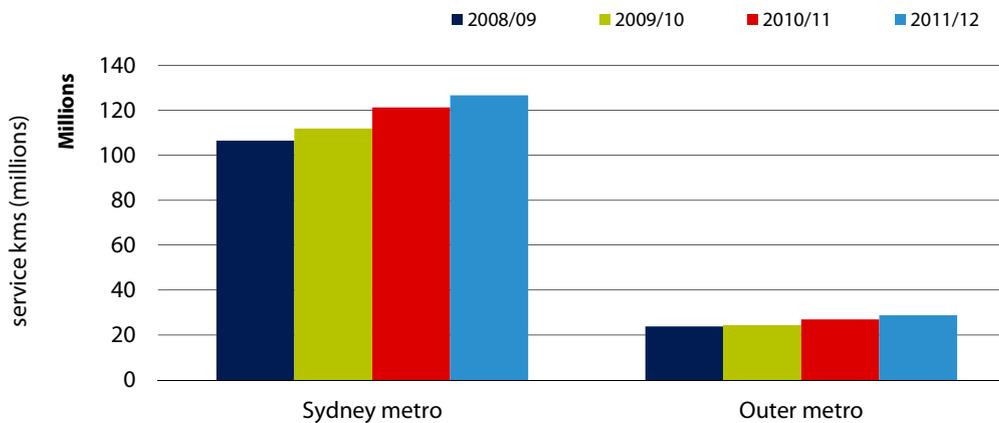
Data source: Transport for NSW.

3.3   Quality of bus services

The following sections present data on the reliability of bus services – on-time running, trip cancellations and incomplete routes.

3.3.1   On-time running

On-time running performance in metropolitan regions remained at similar levels to 2010/11, and improved slightly in the outer metropolitan contract regions.

Over the last 3 years, Transport for NSW has used an improved measure of on-time running for the metropolitan bus contract regions. Independent surveyors carry out checks of metropolitan bus service departures at major transport hubs across the Sydney Region and operators' review and sign off on monthly data. Prior to this, measures of on-time running were largely limited to the operator recording whether the bus leaves the terminus on time.

Figure 3.3 shows the average monthly percentage of buses on time[13] by metropolitan contract region. In 2011/12, 6 metropolitan regions (regions 2, 3, 11, 12, 13, 15 – West, West Central, South East, North Shore, Mid West and South West) met the target of 95% of buses on time. The worst performing areas, where on average less than 90% of buses ran on time, were regions 14 (Northern), 4 (North West), 7 (Inner North) and 6 (South Harbour). The data does not indicate why comparatively high proportions of buses are running late in these regions. Using annual averages gives a broad picture but there can be considerable variation month to month in on-time running. In 2010/11 monthly on-time running figures in a single region varied by up to 21 percentage points across the year.

Figure 3.3   On-time running by metropolitan bus contract regions, 2009/10 to 2011/12
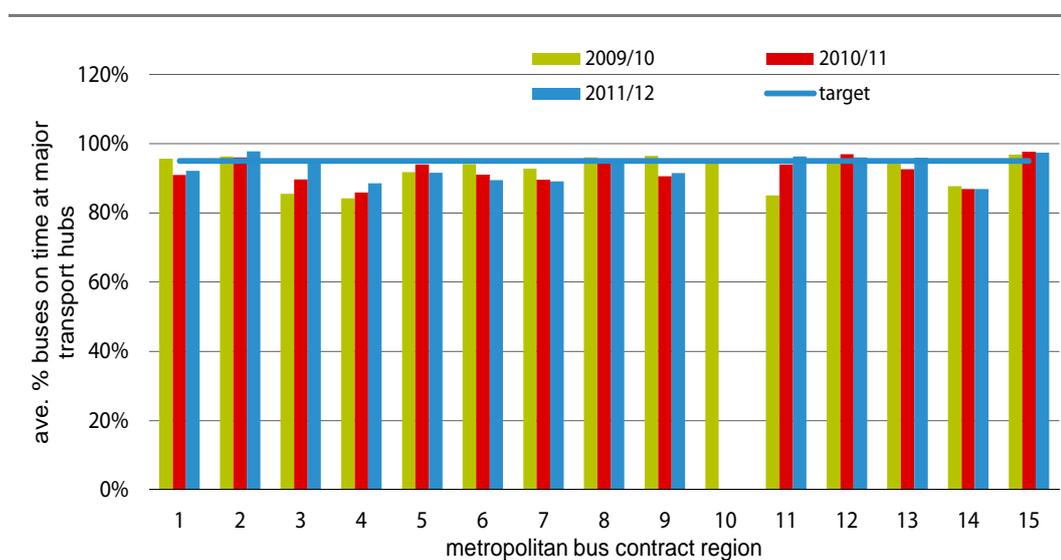
Note: In 2010/11 and 2011/12 regions 11 includes both region 10 and 11. Performance is not measured in January. Percentages are calculated as the average of monthly percentages reported in each region.
**Data source:** Transport for NSW.

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13 A bus is considered to be on time if it departs from its starting point 5 minutes after its scheduled time. In practice this means a bus can depart up to 5 mins 59 sec late and still be on-time.

In outer metropolitan bus regions on-time running is measured by operators' reporting the incidence of buses leaving the terminus early or late. As noted in previous years, we have reservations about placing too much reliance on this data but consider there is value in reporting this information as it sheds some light on performance.

We don't consider on-time running measured solely at the trip's origin to be a good indicator of the bus network's actual on-time running performance or the level of service actually experienced by passengers.[14] We note that buses can run early and late at different points throughout a journey but that this goes largely unreported. In our view, the inadequacies of this measure make it difficult for anyone to form a reasonable view of the change in on-time running performance in outer metropolitan regions.

Overall, in outer metropolitan regions the proportion of late services is still very small relative to the total number of services – over 99% of services were reported to have left the terminus on time, well above the target of 95% across the network. The punctuality of services declined most in outer metropolitan region 9 (North Wollongong). This was the only region where less than 99% of services left on time.

Figure 3.4   Buses reported leaving the terminus on time, outer metropolitan bus contract regions, 2008/09 to 2011/12
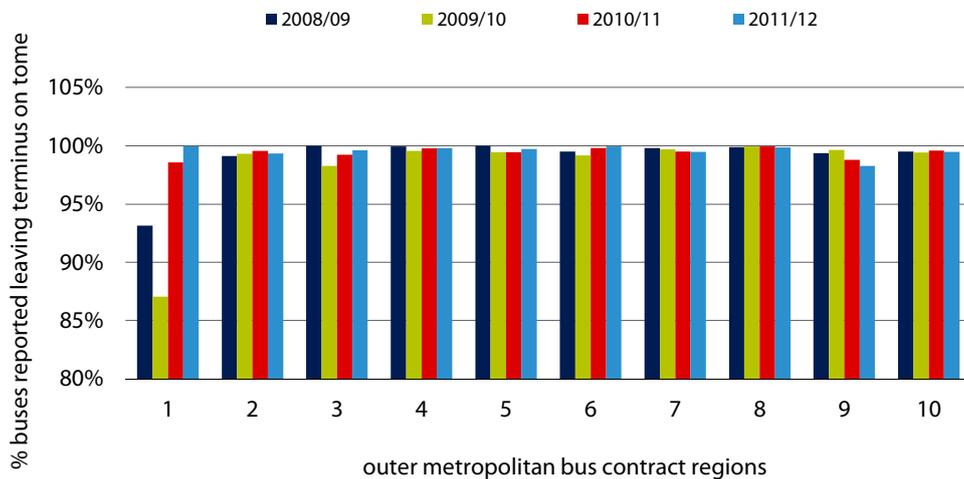
Note: In 2009/10 Transport NSW identified that Region 1 had applied a different definition of this measure to other regions and its results were not able to be compared to other regions. From 2010/11 Region 1 applied a definition consistent with other regions.
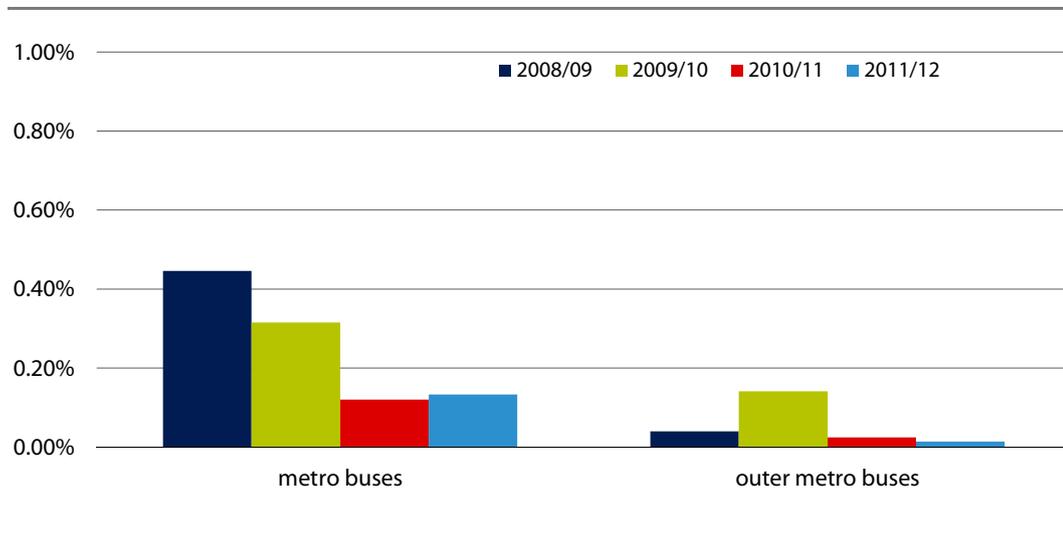**Data source:** Transport for NSW.

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[14] IPART, *Review of fares for metropolitan and outer metropolitan bus services from 2 January 2008*, December 2007 and IPART, *Review of fares for metropolitan and outer metropolitan services from January 2010 - Final Report*, December 2009, p 49.

3.3.2 Incomplete and cancelled services

Overall there were low rates of bus services cancelled or not completed in 2011/12. In the metropolitan bus contract regions 0.13% of services were incomplete or cancelled (that is, 99.87% ran in their entirety). In the outer metropolitan regions 0.01% of bus services were cancelled or not completed. Most outer metropolitan regions report that 0% of services were incomplete or cancelled. We understand that in many cases in outer metropolitan areas if the scheduled driver is not available another person at the depot with the appropriate licence may drive the bus or if a bus breaks down another bus will be sent out.

Figure 3.5   Bus services cancelled and incomplete, 2008/09 to 2011/12

Data source: Transport for NSW.
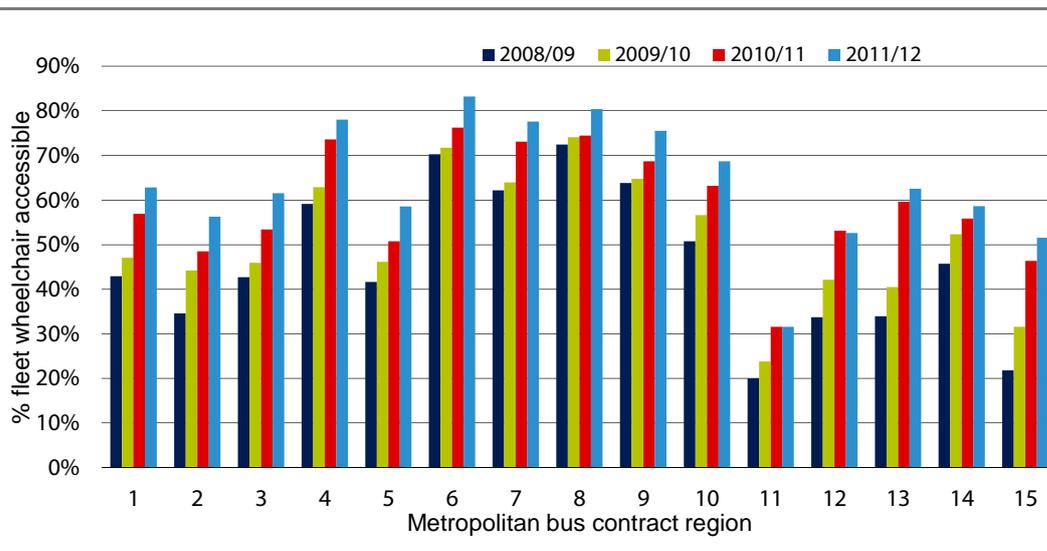
3.4   Wheelchair accessibility

The Accessible Transport Action Plan for NSW Transport, Roads and Maritime services[15] states that:

▼ the NSW Government is funding the purchase of wheelchair accessible buses

▼ bus contracting arrangements require operators to comply with disability legislation and produce action plans of their own

▼ bus operators are committed to timetabling wheelchair buses on at least 25% of services.

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[15]   NSWTI, *http://www.transport.nsw.gov.au/accessibility/transport-action-plan*, December 2007.

The proportion of the fleet that is wheelchair accessible has been steadily increasing over the last few years (Figure 3.6 and Figure 3.7). All new growth and replacement buses are wheelchair accessible.[16] In 2011/12, 73% of buses in the metropolitan contract areas were wheelchair accessible (up from 57% in 2008/09). In 2011/12, 44% of buses in the outer metropolitan regions were wheelchair accessible (up from 28% in 2008/09).

Figure 3.6   Proportion of bus fleet that is wheelchair accessible, metropolitan bus contract regions, 2008/09 to 2011/12
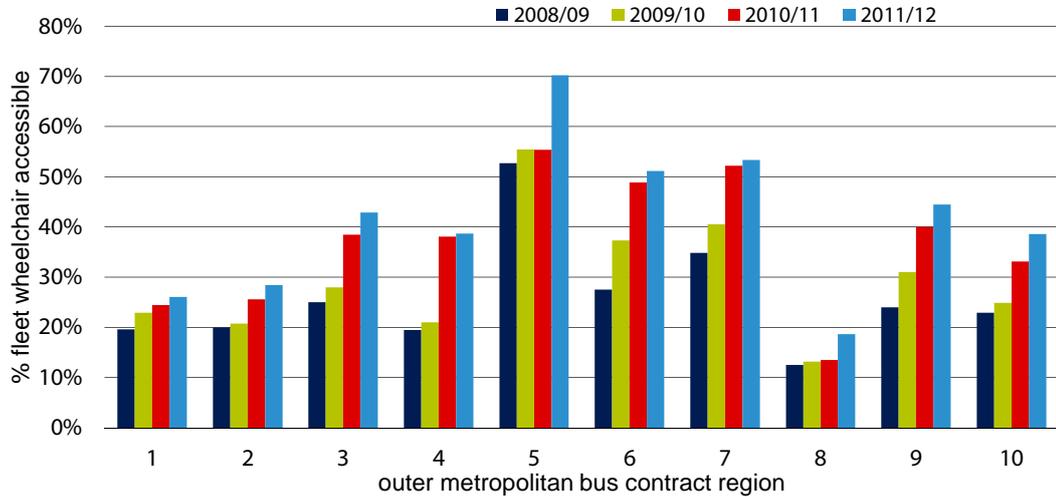

Data source: Transport for NSW.

The metropolitan regions 6 to 9 (Sydney Bus regions: South Harbour, Inner North, Northern Beaches and East) and region 4 (North West) have the highest concentration of wheelchair accessible buses with over 76% of buses being wheelchair accessible (Figure 3.6). The proportion of wheelchair accessible buses increased by 8% points in 2011/12 in 3 metropolitan regions (regions 3 – West central, 2 – West, 5 – Inner south[17]).

The concentration of wheelchair accessible buses is much lower in the outer metropolitan regions than in the metropolitan regions. In the outer metropolitan area the proportion of wheelchair accessible buses increased most in outer metropolitan regions 5 (Newcastle – where 70% of buses are now wheelchair accessible) and 10 (Wollongong where 39% of buses are wheelchair accessible). Less than 30% of buses are wheelchair accessible in outer metropolitan regions 1 (Hunter Valley), 2 (Maitland) and 8 (Blue Mountains) (Figure 3.7). In outer metropolitan region 8 (Blue Mountains) just 19% of the fleet is wheelchair accessible, although this increased from 14% in 2010/11.

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16 Correspondence with Transport for NSW, December 2011.
17 See Appendix B for a map and a list of areas covered by each region and the operators in each region.

Figure 3.7   Proportion of bus fleet that is wheelchair accessible, outer metropolitan bus contract regions, 2008/09 to 2011/12

Data source: Transport for NSW.

Figure 3.8 and Figure 3.9 set out proportions of services that are timetabled as wheelchair accessible by contract region. Over the metropolitan regions 49% of services were timetabled as wheelchair accessible, a higher proportion than in 2010/11 (45%) and the 25% target in the Accessible Transport Action Plan. In the outer metropolitan regions 55% of services are timetabled to be wheelchair accessible, an increase from 52% in 2010/11.

Figure 3.8   Services timetabled to be wheelchair accessible, metropolitan bus regions, 2008/09 to 2011/12
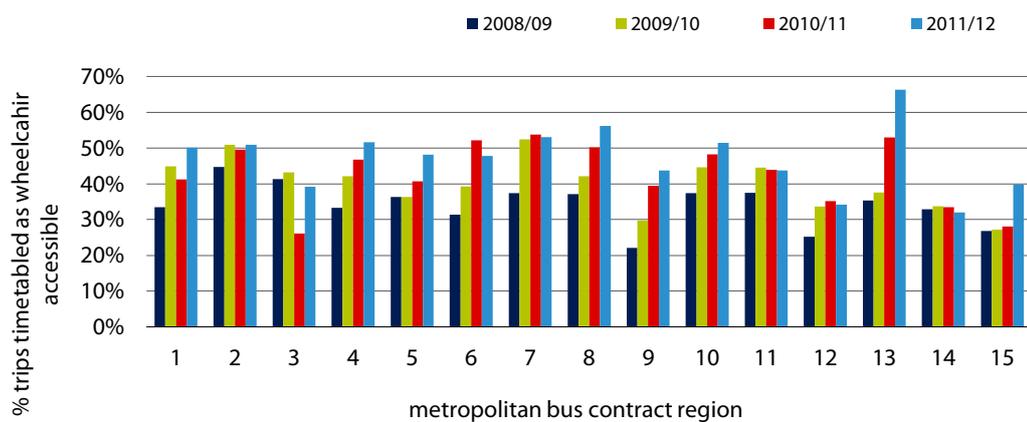
Data source: Transport for NSW.

The Commonwealth Disability Standards for Accessible Public Transport currently requires 25% of timetabled bus services to be wheelchair accessible. By the end of 2012 the standard increases to 55%.[18] The current 25% standard is being met in all regions.
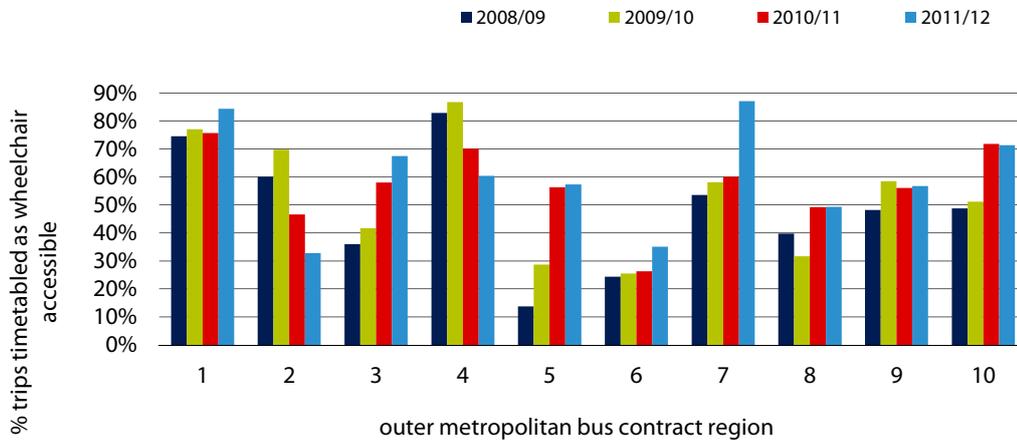
The proportion of services timetabled as wheelchair accessible varies a great deal across regions. The proportion of services timetabled to be accessible:

▼ in the metropolitan area ranges between 66% in region 13 (Mid West) and 32% in region 14 (Northern)

▼ in the outer metropolitan areas ranges between 87% in region 7 (Central Coast) and 33% in region 2 (Maitland)

▼ increased considerably in 2011/12 in:
   – metropolitan region 3 (West Central) - 39% compared to 26% in 2010/11
   – metropolitan region 15 (South West) - 40% compared to 28% in 2011/12
   – metropolitan region 13 (Mid West) – 66% compared to 53% in 2010/11
   – outer metropolitan region 7 (Central Coast) - 87% compared to 60% in 2010/11;

▼ has declined for 2 years in a row in:
   – outer metropolitan region 4 (Lake Macquarie) down to 60% from 87% in 2009/10
   – outer metropolitan region 2 (Maitland) down to 33% from 70% in 2009/10.

Transport for NSW advises that bus operators are legislatively and contractually required to comply with the standards and that all tenders for new bus contracts must address how the requirements will be met.

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[18] Transport for NSW website, http://www.transport.nsw.gov.au/accessibility/transport-action-plan, accessed 23 November 2012.

Figure 3.9   Services timetabled to be wheelchair accessible, outer metropolitan bus contract regions, 2008/09 to 2011/12

Data source: Transport for NSW.

Operators are also required to report on the number of services that are timetabled as wheelchair accessible but are not operated or incomplete. We consider this measure important in assessing service quality. As we noted in section 3.3.2, a very low proportion of bus services are cancelled or incomplete. In 2011/12, 0.004% of accessible services were reported to be cancelled or incomplete.

However, we have reservations about the accuracy of current reporting on this measure as some regions have reported:

▼ each year for 5 years that no wheelchair accessible services have been cancelled or incomplete

▼ no accessible services were cancelled or incomplete although over 1,000 scheduled services were cancelled or incomplete and around 50% of services in the region are timetabled as accessible.

3.5 Customer feedback

In 2011/12, negative customer feedback calls[19] fell by 5% in metropolitan and 6.5% in outer metropolitan regions. Only a small proportion of all feedback calls were positive. The main concerns raised in negative feedback calls included:

▼ bus was late

▼ bus failed to stop

▼ staff were rude

▼ dangerous driving.

Almost half of all feedback (44%) in the metropolitan regions and almost a third (31%) in the outer metropolitan regions concerned bus reliability (bus late, missed stop and bus early).

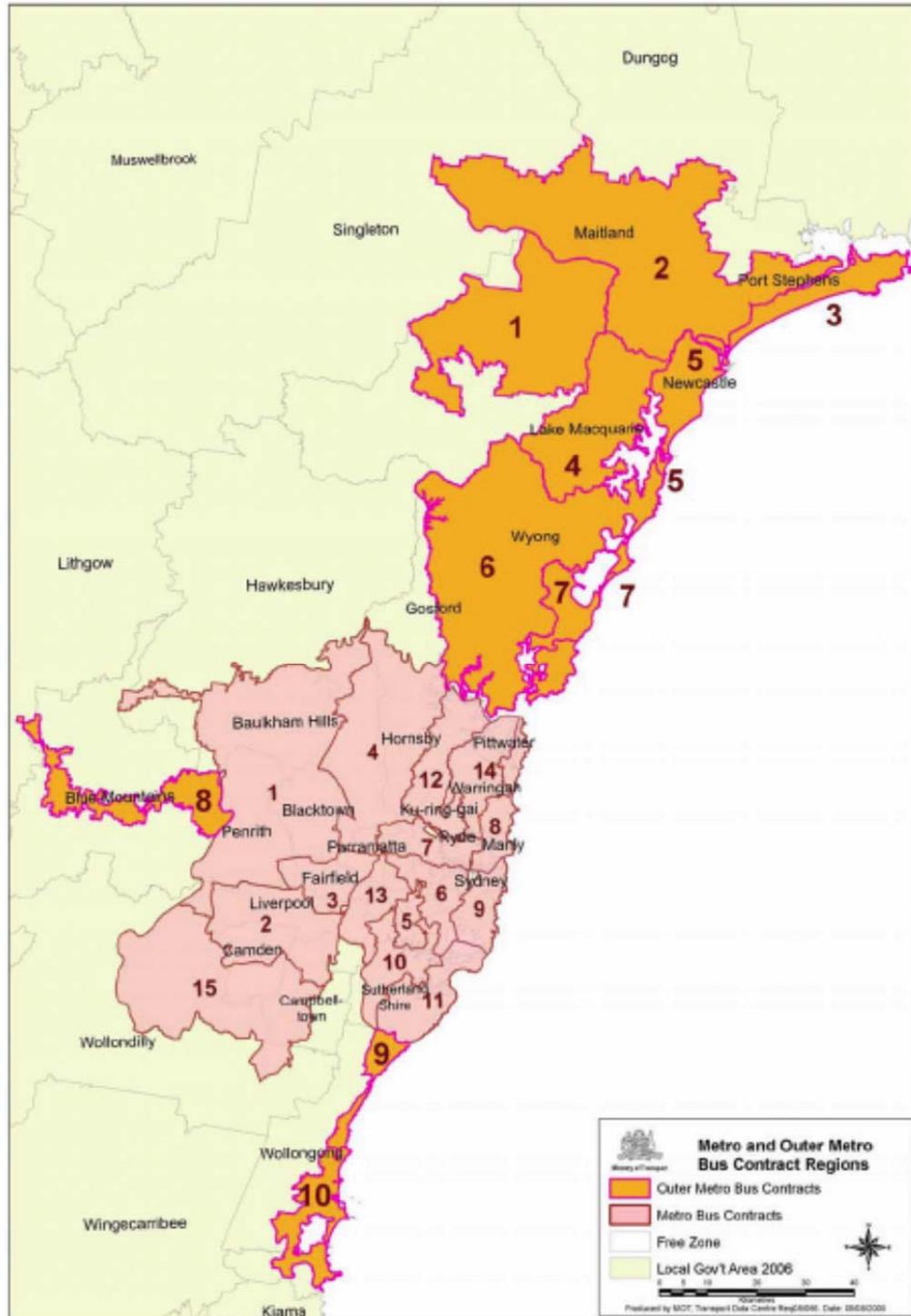[19] Measured as calls per 100,000 passengers. In the metropolitan regions there were 19.5 negative feedback calls per 100,00 passengers in 2011/12 and in the outer metropolitan regions there were 24.1.

Appendix

A   Bus contract regions and operators

Figure A.1   Metropolitan and outer metropolitan bus contract regions

Data source: Transport for NSW.

Table A.1   Metropolitan bus contract regions and operators 2011/12

Contract region	Operator	General area serviced	Regional centres serviced
1	Busways Blacktown, Hawkesbury Valley Buses	Outer West	Penrith, Richmond, Mt Druitt, St Marys, Blacktown and Rouse Hill
2	Interline Buses, Busabout	West	Liverpool, Minto, Campbelltown, Macquarie Fields, Glenfield and Hoxton Park.
3	Hopkinson's, Oliveri's Metrolink Buses, Westbus	West Central	Bonnyrigg, Cabramatta, Liverpool, Fairfield, Parramatta, Westmead, Prairiewood and Wetherill Park.
4	Hillsbus	North West	Rouse Hill, Kellyville, Castle Hill, Pennant Hills, Baulkham Hills, Parklea, Glenwood, Blacktown, Seven Hills, Epping and Parramatta and the CBD.
5	Punchbowl Buses	Inner South	Hurstville, Bankstown, Penshurst, Beverley Hills and Strathfield.
6	Sydney Buses (STA) – Southern Region	South Harbour	Lidcombe, Strathfield, Burwood, Five Dock, Ashfield, Marrickville, Kogarah, Leichhardt, Newtown, Balmain, Glebe, Pyrmont and the CBD.
7	Sydney Buses (STA) – Western Region	Inner North	Services the regional centres of Crows Nest, Chatswood, Ryde, Epping, Macquarie Park, Eastwood, Artarmon and the CBD.
8	Sydney Buses (STA) – Northern Region	Northern Beaches	North Sydney, Neutral Bay, Mosman, Manly, Dee Why, Brookvale, Mona Vale, Palm Beach and the CBD.
9	Sydney Buses (STA) – Eastern Region	East	Kings Cross, Paddington, the Airport, Botany, Maroubra, Coogee, Bondi Beach, Bondi Junction, Randwick, Double Bay and Redfern and the CBD.
10	Veolia Transport NSW	South	Hurstville, Miranda and Bankstown, and covers Miranda, Sylvania, Engadine, Sutherland, Menai, Illawong, East Hills, Revesby, Bankstown.
11	Veolia Transport South, Caringbah Buses, Maianbar and Bundeena Bus Service	South East	Miranda, Caringbah, Woolooware and Cronulla.
12	Shorelink	North Shore	Turramurra, Pymble, Gordon, Hornsby, Berowra and Roseville, Chatswood and CBD.

Contract region	Operator	General area serviced	Regional centres serviced
13	Veolia Transport NSW	Mid West	Parramatta and Bankstown and covers Parramatta, Auburn, Granville, Fairfield East, Liverpool, Georges Hall, University Of Western Sydney, Regents Park, Bankstown.
14	Forest Coaches	Northern	Chatswood, North Turramurra, Belrose and the CBD.
15	Busways Campbelltown	South West	Campbelltown, Minto and Camden.

Source: Transport for NSW, Bureau of Transport Statistics.

Table A.2   Outer metropolitan bus contract regions and operators

Contract Region	Operator	General area serviced
1	Rover Motors	Hunter Valley
2	Hunter Valley Buses	Maitland
3	Port Stephens Coaches	Port Stephens
4	Hunter Valley Buses	Lake Macquarie
5	Newcastle Buses (STA)	Newcastle
6	Busways	Wyong
7	Red Bus Services	Central Coast
8	Pearce Omnibus	Blue Mountains
9	North Wollongong Area Management (Dions Buses & Greens Buses)	North Wollongong
10	Premier Illawarra	Wollongong

Source: Transport for NSW.