

Action for Public Transport (NSW)

P.O. Box K 606, Haymarket NSW 1240

30th April 2002

Dr Thomas Parry
Chairman
Independent Pricing and Regulatory Tribunal of NSW
Level 2, 44 Market Street
Sydney NSW 2000
(P.O. Box Q290,
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Dear Dr Parry,

Determination of Fares from July 2002 Taxis, Private Buses and Private Ferries

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1. Description of APT

Action for Public Transport (NSW) can be variously described as a community-based watchdog group on transport issues, or a public transport consumer group guarding passengers' interests, or an environmental group advocating ecologically sustainable transport systems.

We are not a "front" for any union, business, political party, government agency or other lobby group. We are a "front" for public transport users, and are funded solely by subscriptions and donations from members. We are affiliated with similar groups in Sydney and worldwide, and have been operating continuously since 1975.

We are concerned about, and opposed to, government transport policies that are driven by vested interests instead of the public interest, particularly the unsustainable use of private motor vehicles in urban areas.

2. APT's General Policy on Fares and Fare Increases

APT's general policy has been, and continues to be that:

- (a) fares charged should be high enough to reflect the quality of the service provided
- (b) fares charged should be low enough to attract people out of their cars
- (c) fares charged should be high enough to generate reasonable cost recovery
- (d) fares charged should be low enough to be affordable
- (e) fares charged should be equitable
- (f) fares charged should be subsidised by governments to recognise the social and environmental benefit of encouraging people to use public transport
- (g) the fare system should be simple enough for users to understand
- (h) the fare system should be comprehensive enough to cater for different user needs
- (i) the fare system should be easy enough for ticket sellers to comfortably manage
- (j) the fare system should be seamless across different companies and modes
- (k) multi-mode tickets for single journeys should not include multiple flag-falls
- (l) users should be encouraged to pre-purchase tickets in order to reduce delays caused by people paying the bus driver
- (m) pre-purchased tickets should give discounts of at least 20%
- (n) effective measures should be taken to minimise fare evasion
- (o) accidental fare evasion should not automatically invoke harsh penalties
- (p) fare increases should be not exceed the inflation rate while allowing for the correction of anomalies and the effects of rounding
- (q) companies should maintain separate tables of notional fares (as well as actual fares) so that increases are not applied to fares that were already rounded up last year

3. Enquiry Welcomed

APT and other groups have in the past been concerned that there was no IPART enquiry into private bus and ferry fares when these companies are, in fact, monopolies in their areas in the same way as State Transit and CityRail are. We are therefore pleased that the proposed fare rises are subject to an independent review by the Tribunal, rather than receiving rubber stamp approval from the Department of Transport.

4. APT's Qualifications

We must confess that APT as a body, and its representative here in particular, does not have a great depth of expertise in the area of private bus and ferry fares. Our comments, then, will be confined to rather general issues and self-evident points.

5. Comparisons With State Transit Authority

In past enquiries, there have often been comparisons between private companies and State Transit in the areas of bus standards, services, costs, efficiencies, fares, etc. Such comparisons are not helpful, and probably not valid. Moving people along Military Road in the morning is an entirely different proposition from moving people up and down George Street at lunch time, or out of Blacktown station in the evening or in and out of Roselands during the day. Each situation has its own standards concerning frequency, hours of operation, type of bus, expected speed, fares, etc, and its own problems.

The private bus fare schedule itself recognises varied conditions. The Department publishes different fare scales for Metropolitan, Urban Fringe, Country Town and Rural.

6. Multi-Vehicle Journeys and "Flag Fall"

Many of the following points are concerned with passengers whose journey involves a change of vehicle – from bus to train, from one bus to another, or from ferry to train or bus. These people pay the flag fall twice. Flag fall is that portion of the fare that covers the standing costs of the bus or train or railway station, before anything starts moving.

The flag fall component is very obvious in a taxi. You see it on the meter before the driver puts his foot on the pedal. It is not so obvious in bus and train fares.

Taking the example of the first list in the 2001 private bus schedule, the fares for one, two and three sections are \$1.05, \$1.63 and \$2.26 respectively. That is, the increases per section are 58 and 63 cents respectively. After that, the increase per section drops to 37c, then 33c, then varies between 30c and 15c. This implies that the flag fall, the cost of the bus just being there, is about 45 cents (\$1.05 less about 60 cents).

On CityRail, the lowest ordinary adult fare for 5 km is \$2.20. The increases for each 5 km after that are 40c, 20c, 60c, 20c, 40c and 20c. This would imply that the flag fall is about \$1.80 (\$2.20 less 40c).

In the most extreme but still common case, a person taking a one section bus trip to the station then a one "section" train ride pays a total fare of \$3.25 of which about \$2.25 is flag fall. A one section ride in each of two buses would cost \$2.10 of which about 90c is flag fall. In nearly all cases, this change of vehicle is not of the passenger's choice, but is forced by the way the transport system is organised.

It should be noted that a change of train does not involve paying a second flagfall. Separate trips from Canterbury to Redfern and from Redfern to Strathfield cost \$2.80 each but a trip from Canterbury to Strathfield changing at Redfern costs only \$3.60.

Air transport deals with these issues successfully with code sharing and transfer between carriers without passengers having to buy multiple tickets all with a flag fall.

This imposition of multiple flag falls is important in the following discussions about multi-vehicle trips.

7. Combined Bus-Rail Tickets

Combined tickets for STA bus and rail travel are available at every railway station. The availability of combined private bus and rail tickets is not so extensive, despite the fact that the vast majority of private bus routes in Sydney feed into a railway station. A quick survey of the bus routes in the 1998 Transport Guide booklet shows that of 356 private bus routes, all but 17 fed into at least one railway station, and most of those 17 are the bus routes that come right into the CBD. The other few were at Camden or Bundeena. Some routes have changed since then, but the message is still the same.

Private companies need to be encouraged to sell combined bus-rail tickets. These might be singles, returns, weeklies or for longer periods. They might cover one bus route or a group of routes, one railway station or a group of stations, one railway line or a network of lines.

It is unfortunate that earlier this year, a private bus company terminated the 15-odd year "trial" of a combined rail and private bus weekly ticket in western Sydney. The ticket was known as the Brown MetroPass. We understand that the termination was because of a dispute about the sharing of the revenue, a problem as old as civilisation itself. We are not privy to the details so we cannot lay blame and do not wish to do so, but whatever the reason it would seem that the customers have come off second (or third) best

There are obviously solutions to the revenue sharing problem. For instance, in Brisbane, "co-ordinated" tickets have been available since at least 1948, long before the computer era, for rail travel to Sandgate and then bus travel to Redcliffe. Weekly tickets for the combined rail and bus trip cost eight times a single trip and allow unlimited travel. In recent years, other co-ordinated bus-rail tickets have become available from Petrie station to Redcliffe, from Nambour station to the Sunshine Coast, from Nerang station to the Gold Coast, from Birkdale station to Capalaba, etc.

We recommend that some form of independent forum be arranged in NSW, (a) to determine and approve the fares and revenue sharing deals for such joint tickets and (b) to prevent the abolition of the tickets without proper consultation. Consumer representation must be an essential part of such an arrangement.

8. Combined Bus-Bus Tickets

Similar deals need to be set up between adjoining bus companies, including the STA, so that a person can transfer from one bus company to another at an interchange. The ideal system is one that covers the whole of Sydney, but any improvement on the current non-sociability of tickets would be welcome.

9. Newcastle and Wollongong

Public transport users should also be able to buy combined bus-train and bus-bus tickets in Newcastle and Wollongong.

10. Transitway Tickets

The Liverpool-Parramatta Transitway is designed to transfer passengers between express and local buses, perhaps operated by different companies. A bus-to-bus ticket transfer system is essential, both to ensure passengers don't pay too much, and to speed up the boarding time of the buses.

11. Integrated Tickets and Integrated Fares

It may be desirable at this point to highlight the difference between integrated tickets and integrated fares. An integrated ticket is one that can be used on two or more vehicles or modes, regardless of how the fare price is calculated. An integrated fare is one that treats a multi-vehicle journey as one trip, regardless of how many tickets are issued. Each can exist without the other, but the optimum system from the customer's point of view is one that combines both aspects.

12. Smart Cards

The proposed Smart Cards are obviously an integrated ticket system, but they may or may not be an integrated fare system. Consumers expect it to be both.

13. Multi-Ride Tickets

We understand that not many bus companies offer weekly or multi-ride tickets. This creates additional expense for regular travellers and also for the company in the longer loading times and cash handling costs. Amongst those companies who do offer discounted multi-ride tickets, there is no standard type of ticket or level of discount.

We recommend that the Department of Transport and the Bus and Coach Association offer some very strong suggestions to the companies regarding the all-round benefits of multi-ride tickets, especially pre-purchased ones.

We also recommend that a forum be established so that IPART, the DoT, the BCA and consumer representatives can discuss what might be an appropriate discount for companies to offer on weekly or other multi-ride tickets.

14. Pensioner Excursion Tickets

A sore point for many years has been that the state government's pensioner excursion ticket is valid only on government owned transport, and more particularly, on government owned buses. That is, the ticket is valid on all CityRail trains, but only on the "inner suburban" buses and ferries run by State Transit. Pensioners who use private buses in Sydney's northern, western and southern suburbs, and indeed in all other parts of the state apart from Newcastle, cannot avail themselves of this benefit.

There are three values in the excursion ticket range (\$1.10, \$2.20 and \$3.30), but as the last two only involve the extension of rail travel beyond the suburban boundaries, we will confine our discussions here to the \$1.10 ticket.

In APT's submission to the enquiry on government transport fares, we recommended (and have done so for many years) that the price of the ticket be increased from \$1.10 to

\$1.50 or \$1.60. Such an increase would still be less than the 71% increase in pensions since the price of the ticket was last raised in 1988 (excluding the rise for GST). It should also be remembered that in some cases, a return ticket for a short off-peak trip would still be less than \$1.50 or \$1.60.

However, in this context it is not the price of the ticket that is important but the area it covers. Pensioners in the non-STA areas of the state usually receive a 50% discount on bus fares – far short of the \$1.10 all-day all-STA buses benefit of the excursion ticket.

If the current ticket were to be extended to include all Sydney private buses, then the price would almost certainly have to be increased. If it were not, the government would be faced with a huge increase in its CSO payments.

It may be that some sort of zoned tickets need to be introduced. These could be based on regional zones, concentric zones or some other system. Other arrangements would need to be made for Newcastle, Wollongong, Bathurst, Dubbo, Lismore, etc.

We recommend that all the interested parties (Department of Transport, State Transit, CityRail, the BCA, the CVA, community and consumer groups, etc) start discussing some changes now. An announcement before March 2003 could work wonders in a state election.

15. Family Fares

When three or more members of a family have a choice of travelling by public transport, by taxi or in the family car, factors of cost and convenience can often rule out the public transport option. CityRail, State Transit and some private companies have various fare arrangements to provide cheaper transport for families, often in conjunction with off-peak travel.

We recommend that the Department of Transport encourage more private companies to investigate deals of this kind.

16. Combined Fare-Admission Tickets

Again, some transport operators, both government owned and private, offer tickets combining bus or train travel with admission to an entertainment venue or other attraction in the local area. Such practices are also welcome and more should be encouraged.

17. Other Discount Arrangements

We have heard from time to time of other fare promotion schemes. It is difficult to keep track of them, their introduction, their details and their demise but two come to mind. One was a Christmas shopper ticket in the Hills district and the other a Summer Freedom Pass that allowed school students unlimited travel for six weeks during the last Christmas holidays on all Connex, SouthTrans and BusLink bus es. These and other schemes are welcome, and should be encouraged by the Department.

Perhaps bus companies could offer discounted return tickets in off-peak times and at weekends as CityRail does.

18. Stored Value Tickets

Care must be taken to distinguish where appropriate between pre-purchased multi-ride tickets and stored-value tickets.

The writer used to observe the congestion caused by a private bus company in George Street at Wynyard of an evening when passengers with stored-value tickets took so long to board the bus that STA buses were stacked for a block behind it. The problem was that the passengers only had a "value" stored on their card – they didn't have a "ticket". Each passenger still had to tell the driver where he or she was going or ask for a certain fare, and the driver had to punch it into the machine and, I think, print a ticket. There was no time saving at all, and probably no discount. The problem was made worse by some passengers, as well as buying a ticket, also proffering large notes to "top-up" their cards.

19. ERG

We consider that not a great deal of reliance should be placed on the proposed ERG Smart Cards for an improvement in our ticketing system. There are legal problems with the awarding of the tender, and there are financial problems within the company itself (See Australian Financial Review 18/4/02 page 42 or even their own web site.)

Shortcomings in the existing ticket system must be addressed now. They must not be left to the uncertainties of expensive future hardware, software and vapourware.

20. Rounding

We note that the approved maximum schedules for private bus fares issued by the Department last September are in odd cents. Is it left to the companies to round these up or down? Will any future percentage increase be applied to this master scale or to the rounded fares?

21. Penalties

Bus companies who fall short of industry standards (whether defined or otherwise) in the area of fares and tickets should be warned that if they do not come up to standard within a certain time, they will forfeit their licence to somebody else.

22. Country Town and Rural Bus Services

We do not intend to make any specific comment regarding these services, but some of our earlier comments regarding co-operation between different bus companies are relevant.

We wish to acknowledge here the efforts of the B.P.T.I. group (Bathurst Public Transport Initiative). This group has shown how both the bus company and the customers can win through discussion and co-operation. The new BATBUS system was one year old in January, but it took four years of hard slog before that to make it happen. (Imagine how long it might have taken if there was not just the one bus company involved!) The active support and encouragement of the minister, the department, the local member, the local council and other groups were all important ingredients. There are many aspects of the changes, but one result is a through-ticket. As far as possible, buses from different

suburbs meet in the centre of town and people can conveniently change from one to another on the same ticket to complete their journey. Another result is that, surprise, surprise, patronage has doubled in the past year.

23. Private Ferries

It is clear that Sydney Ferries (operated by State Transit) is the benchmark operator on Sydney Harbour, and that each of the private operators provides a service of lesser quality, varying from company to company. The private operators, however, charge fares that are almost equal to Sydney Ferries with the notable exception of Hegarties, and are seeking an increase of ten percent.

While the services provided by these private operators are very important, and the fares charged are needed to allow these operators to remain viable, we would like to see the CVA provide a more detailed submission before any increase above the CPI is granted.

We note with interest that both the IPART discussion paper and the CVA submission omit the Palm Beach to Ettalong service, which at \$7.50 one way adult, is the most expensive ferry service in the Sydney area, and is more expensive than the Sydney Ferries premium Jetcat service to Manly.

The two major players, Captain Cook Cruises and Matilda Cruises, would be expected to provide the highest quality of service, but these larger companies provide a very poor service and are not the benchmark operators in the private sector.

Hegarties operate old wooden vessels that need to be replaced urgently, and carry fewer passengers than Sydney Ferries from the wharves they share. It is not unusual to see Hegarties ferries run empty while Sydney Ferries have substantial loadings. We consider that no increase should be allowed to Hegarties until they commit to replace their old ferries with more modern craft.

The ferry operations of Matilda Cruises have been successful on the Circular Quay to Darling Harbour service where they carry mainly tourists paying single fares. The company understands this market, and the service is very popular. However, the more serious high-speed commuter services along the Lane Cove and Parramatta Rivers have been less successful with disappointing patronage and very restricted hours of service. The failure in this market compares unfavourably with Sydney Ferries' successful high-speed Parramatta River and Rose Bay services which are too popular and suffer from overcrowding. Matilda Cruises has an exclusive contract with the Department of Transport for the Lane Cove River, and we recommend that this contract should only be renewed if the company commits to expanding the hours of operation and to attracting more passengers.

Peter Verrills of Palm Beach Ferries has generated strong business for his Palm Beach - Ettalong service. He has well presented vessels and would have to be considered the benchmark private ferry operator.

We would like to see the CVA provide a more detailed submission in future years. This would include as a minimum – a complete list of vessels in the fleet, their age, carrying capacity, cruising speed and fuel consumption, details of all wharves serviced,

patronage and alternative methods of transport available to the public. It should also include details of staff selection and training, especially safety training.

The CVA should also encourage the private operators to improve the quality of their services. Steps toward improvement would include better vessels, better staff training, introduction of multi-ride tickets for all operators, and better promotion of their services.

We believe that the private ferry operators should be granted a fare increase in line with the CPI but no more.

24. Nightride Bus

Nightride buses replace train services along major rail lines between midnight and 5 a.m. Any valid CityRail return (but not single) ticket, pensioner, weekly or other periodical tickets or TravelPass is valid on a Nightride bus, and single tickets can be purchased from the bus driver. The price of these tickets was increased by roughly 10% from 1st November 2001. We have no problem with the increase, but are just curious as to who authorised or approved it.

Nightride buses are not mentioned in the scope of either of the two fare enquiries currently being conducted by the Tribunal – the “CityRail and State Transit Fares” or the “Fares for Taxis, Private Buses and Private Ferries”. Fares for tourist services and non-monopoly services such as the Airport Express Bus are excluded from these reviews, but the Nightride bus does not seem to fit either of these categories.

We recommend that Nightride bus fares be brought into one of the Tribunal’s reviews. While we have no problem with current fares or the latest increase, it could be that a fare increase or other change may need to be challenged in the future, and we would like to have an established procedure.

25. Sydney Light Rail and Monorail

We have no problem with the current fares and ticketing arrangements for these two private transport systems, but we ask that a decision be made as to whether they should or should not fall into the scope of the IPART fare reviews.

The same company, Connex, runs both the Light Rail and the Monorail, which makes ticket transferability so much easier. This company is innovative and customer-responsive in its fares and tickets.

Just for the record:

- the Light Rail has single tickets (\$2.50 and \$3.50 for zones 1 and 2 respectively), day returns (\$3.50 and \$4.80), day pass (\$8), Family Day Pass (\$24) and weekly tickets for unlimited trips (\$19)
- TramLink tickets, for combined travel on trains to Central and then the Light Rail can be purchased at all CityRail stations (the combined fare seems to be the sum of the two individual fares)
- there are no combined Light Rail-bus tickets available although the route 445 and 470 buses serve the tram terminus at Lilyfield

- the Monorail does not have a weekly ticket but has a re-chargeable multi-ride MetroCard which gives holders a \$4 ride for \$2.50
- MetroConnect is a weekly ticket providing unlimited travel on both the Light Rail and the Monorail costing \$28

26. Action Plan

In our submission we have mentioned many areas in which current fares and ticketing arrangements fall short of customer expectations. Instead of just wishin' and hopin', and thinkin' and prayin', plannin' and dreamin', we want action now for improvement.

Again, it must be emphasised that, although these are private companies, they have been given a government monopoly. If the supermarket in my area doesn't heed my complaints about the service, I can go to another supermarket. If the bus company in my area doesn't give good service, I'm stuck with it – at least until the end of their contract.

We are always wary of making suggestions to cure problems. Long experience with public authorities has taught us that the usual response is a statement saying why our ideas won't work, rather than a serious attempt to correct the problem.

However, always hopeful, we suggest the following action, which could take place over the next twelve months in preparation for the 2003/04 fares enquiry.

The BCA, with the assistance of the DoT, the Tribunal and consumer groups could issue a survey letter to member companies, at least to all those in the "Metropolitan" category. The companies would be asked to tick on a list all the types of tickets they issue, apart from the standard adult and concession single. This would include all the variations mentioned above, such as day returns, day passes, family fares, pensioner excursions, off-peak discounts, transfer tickets, weeklies, multi-rides, combined travel/admission tickets and any others we haven't thought of, plus once-off promotional fares.

A second part of the survey could enquire which of those tickets (or other innovations) the company would like to issue or would consider issuing with assistance. This assistance could be in the form of administrative help or financial help. Perhaps a deal could be done with IPART allowing a company to charge more than the maximum determined fare in the peak hours in return for providing one or more discounting innovation elsewhere, or whatever other arrangement can be agreed upon.

These surveys would be returned to the BCA by 31st December 2002 or earlier and included in the submission to IPART in early 2003.

Some of the larger private bus companies have the expertise to make their own submissions to the enquiries and we challenge one or more companies to do this. The BCA's submission would continue to cover the usual industry-wide concerns that it does now, including maximum fares, while the separate company submissions could offer details of proposed special arrangements.

27. Taxis

We recognise that taxis are an important part of an overall public transport system, and indeed, in many of the smallest towns, they are the only public transport. However, we

have no expertise in taxi affairs and do not intend to offer any comments.

28. School Student Transport Scheme

Neither do we wish to buy into this one. Many people who are wiser (supposedly) and higher paid (certainly) than we are have been unable to come up with a satisfactory solution after many years, so we will not try.

29. Bus and Coach Association Submission

We commend the BCA on the high quality of its submission and the detail contained in the appendices. We regret that we have neither the time nor the understanding to make use of it all.

30. Conclusion

I acknowledge the input of various APT members into this submission, and especially Graeme Taylor, without whom the ferry section would have been very small indeed.

If the Tribunal has any questions regarding this submission, please contact the writer on 9516 1906 or by email to allanmiles@hotmail.com

Yours faithfully,

Allan Miles
Secretary
Action for Public Transport (NSW)