

Bus & Coach Association of NSW

Submission to the Independent Pricing and Regulatory Tribunal of NSW

Review of fares for taxis, private buses and private ferries in NSW

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Executive Summary

The private bus industry provides route and school bus services throughout NSW and comprises of many different sized operators, from single bus operators to multinational companies. Such services are contracted by the Transport Coordination Authority (TCA).

For operators to remain in business they need to receive sufficient revenue to cover their costs, receive a return on investment and be able to replace and upgrade assets.

For operators providing route and school services revenue is directly related to fares. Fares are what passengers pay through the fare box and what the Government pays for the transport of eligible school children under the free School Student Transport Scheme (SSTS).

The Director-General sets the maximum level of fares applicable and in the case of school children the maximum is set at 77%¹ of half of the adult fare for primary students and 77%² of 60% of the adult fare for secondary students.

Operators are required to design route and school services to meet minimum specified levels and to provide 92% capacity for all eligible school students. To do this in the most efficient way operators provide a mix of route only, school only and route/school services.

Currently the revenue generated by the school and route services as contracted is insufficient to meet the “sustainability” criteria in the second paragraph above.

The other main provider of school and route bus services in NSW is the State Transit Authority (STA) and appears to have a similar problem. The STA has a funding shortfall and reports “the on-going provision of Sydney Bus Services will only be achieved by increasing reliance on the limited Government budget funding support or by closing the funding gap with fare increases.”³

It is clear that the fundamental questions for Government/IPART are how much of the revenue required to operate bus services should be derived from the user and how much from the broader community (taxpayer)? What are the correct service levels and how do you measure operator performance?

Like STA, private operators are experiencing cost increases greater than revenue.

At present STA fares are well below (23%)⁴ those applicable to private operators made possible by the Government funding in the form of pricing and/or service level subsidies, which are not available to passengers on private bus services. (STA as a whole received \$65.6m pricing and service subsidies in 2002 – Annual Report).

It is clear from the STA’s submission to IPART that it believes there is a strong case to put fares up beyond CPI to shift some of the STA deficit to the passenger, away from the taxpayer, if the Government elects that the taxpayer burden should be more balanced.

¹ For Metropolitan Services

² For Metropolitan Services

³ STA’s 2003 IPART Submission

⁴ STA’s 2003 IPART Submission

However, in view of the recently⁵ announced review into public transport funding and fares, STA have proposed a CPI level increase. Limiting the STA application to CPI is possible because the taxpayer will continue to make up the shortfall.

The Bus and Coach Association's (BCA) position is that public transport is in the public interest and therefore the cost of providing the services should be shared between the user and the community. The desired balance between the two is a matter of Government policy.

Arguably however, STA's taxpayer contribution is too high and their fares too low and in the case of private operators, taxpayer contribution is too low and fares too high.

Assuming the maintenance of existing contracted service levels (and the absence of a new contract model), the options for IPART to consider for private operators in conjunction with a 2003 fare increase are:-

1. Introduce pricing and servicing payments to private operators similar to STA.
2. Increase fares to cover shortfalls.
3. Decrease or remove the fare discount currently deducted when calculating the amounts payable for transporting school children under the "free" School Student Transport Scheme.
4. Modify the concession entitlement and/or reimbursement profile that currently exists in order to encourage patronage and reduce inequities.
5. Combinations of above.

Based on the current system, private operators require at least an 9.41% increase in fares to meet minimum service levels and this is without taking into account the loss of revenue from declining patronage and decreased vehicle capacity because of low floor buses. In the absence of other forms of funding the BCA applies for fare increases as follows:

1. A 5.59% increase due 1/7/03 based on the model used to calculate fares for the year 1/7/03 to 30/6/04, plus
2. Adjustments to correct the fare rise calculations used to convert pre GST costs to GST/ANTS adjusted opening costs from July 2001. These adjustments have been checked by IPART and agreed to be a 0.75% shortfall from 1/7/01.

The BCA therefore requests such adjustments now be brought to account either by way of separate payment or included in fare increases.

If the Government decides they should be paid as a fare increase the amounts due are an additional:

⁵ Media Release 12/5/03 from the Ministry of Transport

- a) 0.75% for 1/7/01 to 30/6/02
 - b) 0.75% for 1/7/02 to 30/6/03
 - c) 0.75% for 1/7/03 to 30/6/04
3. Assuming the fare increase for SSTS and half-fare reimbursements will be backdated to 1/7/03 (as requested), the BCA applies for an adjustment to the cash fares applicable from 1/9/03 to recover the lost 2 months of the increase ie. 12/10ths of the increase granted.

If all of the above (1-3) were put into fares the minimum increase would be 9.41% without adding a compounding factor for the loss of arrears. BCA asks IPART to calculate the compounding effect and patronage loss effect and decide if a further adjustment should be added to the percentage requested.

Summary of Request:

	%
Bus fare increase from 1/7/03	5.59
GST/ANTS component from 1/7/03	<u>0.75</u>
Increase attributable for 03/04 year	6.34
GST ANTS adjustment 1/7/01-30/6/02	0.75
GST ANTS adjustment 1/7/02-30/6/03	<u>0.75</u>
Sub Total	7.84
Delayed implementation adjustment	<u>1.57</u>
Total Increase	<u>9.41</u>

The Association believes that the Government needs to ensure basic levels of services are funded regardless of the patronage and that patronage incentives above a basic service funding level should be in place. These are all matters that the BCA anticipates will be addressed in the Parry Inquiry⁶. A new funding mechanism should cover both a patronage and a service level component and may vary from one contract and service level grading to another.

The second and related questions for Government/IPART is how to measure the efficiency/performance of the operator providing the bus services, and what are the correct service levels to operate

In this regard the Government in November 2002 commissioned an independent Transport Consultant to investigate the viability of the Metropolitan bus industry and specifically look at Key Performance Indicators (KPIs) and efficiency measures. At the time of writing this

⁶ Media Release 12/5/03

submission, the consultant's report has been discussed by the consultant with TCA, but not released to the BCA/IPART/Public.

The Association believes the review will show private operators to be highly efficient, confirming there is no room for cost savings. The Indec Review included STA and private operators and hence is directly relevant to the IPART issues paper. It also looked at bus services in other states.

Assessing performance is the role of the Contractor, and following the Indec Review TCA should be able to establish a reporting and data collection system to answer questions of efficiency and value for money to supplement the existing audit/compliance regime in place.

The Private Bus Industry remains willing and in fact, eager to work with Government to develop a plan to grow public transport in NSW and such plan should ensure the right level of services are provided at the right time and place, regardless of contract boundaries and regardless if operator is Government or privately owned.

The current method of setting Minimum Service Levels (MSLs) is 13 years old and was intended to be periodically reviewed in consultation with the Contractor and service provider. It was also intended to be flexible to accommodate the different demographics that may be experienced for apparently comparable services. The Association has been asking that MSLs and funding be part of the Bus Reform process, which in the past has focussed on costs without adequate revenue/quality considerations.

It is suggested that a Sydney Bus Plan include targets such as:

- Grow the percentage of trips taken by bus in the Sydney Statistical Division from 6% on an average weekday to 10% by 2015.

The main means to achieve such growth will be related to acknowledging and reducing the external costs associated with increasing levels of car ownership with investment in public transport.

The Association has undertaken a review/survey of the costs of meeting the contracted requirements under so called non-commercial contracts and has included in this submission an application to increase rates based on this review/survey. The full details are contained in Attachment 2.

The BCA also seeks recommendation for the introduction of an assistance program similar to that which exists in Queensland to assist operators upgrade their fleets with low floor vehicles. \$24m was allocated in the 2002/3 Social Budget for STA but nothing for private operators.

The BCA also asks IPART to:

- Consider any substantive changes to the present cost-based models for determining annual adjustments to fare levels in the context of the current bus reform process, and the recently (12/5/03) announced inquiry into public transport funding and fares.

- Consider and analyse the results of TCA's review of the financial viability of private bus operators in the greater metropolitan region, being conducted by Indec Consulting.
- Recommend a change in half-fare concession reimbursement from 50% to 75% of an equivalent full-fare. This will allow private bus operators to reduce nominated concession fares from 50% to 25%.
- Recommend equity for fares, concession reimbursements and contract conditions between private and Government bus services.
- Acknowledge that the present contract service levels in the Metropolitan area are not broadly sustainable from the revenue sources put in place by Government.

1. Introduction and Response to Key Issues

1.1 Introduction

The BCA welcomes the opportunity to make this submission to the Independent Pricing and Regulatory Tribunal (IPART). The BCA supports the involvement of IPART in the fare setting process as an opportunity to remedy a number of material deficiencies that have resulted in inequitable outcomes for the passengers carried by the private bus and coach industry. However, it is noted that the determination of commercial private bus operator fares is the legislative responsibility of the Director-General, TCA⁷ and the existing approach to fare setting complies with the Act. It is also noted that the Minister for Transport Services has on 12/5/03 set up an inquiry into public transport funding and fares.

This submission follows the general format of the IPART Issues Paper dated 14 April 2003 and responds to those matters which IPART has specifically invited comments on, as well as a number of industry specific matters. Section 3 of this submission addresses the key issues identified by IPART. The subsequent sections provide detailed supporting analysis for the positions put forward by the BCA. The final section outlines the industry's 2003/04 fare application for both commercial and non-commercial contracts and the request to alter concession reimbursement arrangements.

1.2. Response to Key Issues

In forming its response the following positions have been adopted.

- Contract service requirements are proving to be unsustainable from the revenue generated by these services, particularly in the Sydney Greater Metropolitan Area.
- Any change to the approach to setting fares should only be considered within the context of the broader review of regulatory and contracting arrangements. Reform of price setting arrangements should not be undertaken in isolation.
- In the absence of any other approved method the existing models for calculating fare adjustments or meeting revenue shortfalls need to continue to apply for the 2003/4 year.
- The inequality in fare and concession levels between the private and Government bus sector needs to be addressed. The BCA recommends that a single fare policy and contract and funding structure apply across Metropolitan Sydney as part of a new Sydney Bus Plan.
- Using fare increases to sustain service levels is likely to increase the existing gap between fares offered by the private and Government bus sectors. Alternative funding structures (including those currently afforded to STA) should be considered.

⁷ Section 19 NSW Passenger Transport Act 1990

- A tangible first step to improving fare/concession equity is increasing the Government's reimbursement for half-fare concession holders from 50% to 75% with a corresponding 25% reduction in the fare paid by the concession holder.
- The BCA supports IPART's view that performance assessment and reporting needs to be introduced. The BCA has previously suggested a data collection regime for consideration by TCA.
- The BCA believes that the service quality and cost efficiency provided by the private bus industry is commensurate with the profitability of the industry and on various performance measures the most efficient in Australia. The Indec Review will report on these factors.
- The BCA believes that matching the fare and concession structures available to the Government bus sector will have significant social and environmental benefits.

Should the current approach to setting fares be changed?

The system of setting fares is directly linked to the contract system set by Government and the social policy decisions on how much taxpayer subsidy should be applied to bus passengers/fares.

At present the Government has two different approaches to setting bus fares and purchasing bus services. It applies one set of rules to the STA's passengers and another set of rules for passengers traveling on private buses. Fare rises designed to cover the total costs in the private sector mean that there is an "us and them" approach to fares in public transport. Services operated by STA have access to fare top-ups from Government. This results in fares, especially multi-ride style fares, in Sydney's STA areas being 23%⁸ cheaper than fares operated by private operators, often in areas of greatest transport need, such as Sydney's west.

It is the BCA's view that these inequities should be removed and hence the current approach to fare setting for commercial contracts should be changed.

Fares can be used as a simple mechanism to increase patronage. By de-linking fares from annual rises patronage increases could be substantial. Coupled with other initiatives, such as an overall bus plan for Sydney, acceleration of bus priority measures and integrated fares for the entire network patronage could be significantly increased.

The impacts on externalities need to be considered when determining pricing of bus fares. For instance a drop in fares would result in some people switching from cars to public transport and this would impact on congestion, pollution and other external costs associated with car use.

At present revenue received by operators for providing contracted service levels (commercial contracts) comes from:

⁸ STA IPART Submission 2003 p. 10

- Reimbursement from Government for carrying eligible school children;
- Revenue collected from the fare box;
- Reimbursement for provision of half-fare concessions to specified recipients.

The fare levels set by Government affect all these revenue sources.

At present even if there are no eligible students or no bus patrons, bus services still have to operate at or above minimum contracted levels.

Hence there is a need for a different funding mechanism to underwrite the cost of providing agreed services to remove the total reliance on fares for viability. There should be an incentive to carry more passengers, but there should be a method of funding minimum services if the authorised fare revenue from passengers is inadequate to cover costs and appropriate returns.

A payment method based on both patronage and minimum service levels should be implemented for commercial contracts.

Are the current fares levels and fare structures appropriate?

It is a Government decision as to how much the cost of bus travel should be met by the passenger and how much by the taxpayer. At present as reported earlier there are two different approaches to this, one applying to passengers on STA services and one for passengers using private bus services.

In general the current cost index is not maintaining profit margins or allowing proper investment and is broadening the fare inequities across the public transport network.

Profit margins are pressured by a number of factors, including:

- Patronage declines, as well as a decreasing market share, as highlighted by the long term trend to increased car use.
- Increasing regulatory and “quality” based regulations, such as the introduction of ultra low floor buses reducing bus carrying capacity, greenhouse gas requirements (Euro 3) increasing fuel consumption, workplace safety requirements and the push for higher quality buses.

Currently patronage is the major driver that determines revenue for the private bus industry, whether it is through the fare box or from SSTS and concession fare payments. Both concession fares and SSTS payments are linked to patronage. The last BCA Patronage Survey showed a decline of 6.15% (adults) and 4.41% (concession holders) for the year ended June 2002.

At present STA fares are well below those applicable to private operators, which is made possible by the Government funding in the form of pricing and/or service level subsidies, which are not available to passengers on private bus services.

It is clear from the STA's 2003 submission and Government funding that it believes there is a good case to put fares up beyond CPI to shift some of the STA deficit to the passenger, away from the taxpayer. However, in view of the recently⁹ announced review into public transport funding and fares, STA have proposed a CPI level increase. This is only possible because of the understanding that the taxpayer will continue to make up the shortfall, presumably by increasing STA's already burgeoning debt.

BCA's position is that public transport is in the public interest and therefore the cost of providing the services should be shared between the user and the community. The balance between the two is a matter of Government policy but does need adjusting, and needs to be transparent and equitable.

Arguably STA's taxpayer contribution is too high and fares too low and in the case of private operators, taxpayer contribution is too low and fares too high.

Is the quality of services provided adequate?

BCA believes that the industry is providing a quality service commensurate with the risk and rewards conveyed by the existing system and awaits the Indec Report to allow further response on service quality and efficiency.

In past submissions BCA has supported IPART's view that TCA should be capturing performance data, most of which is already available to it.

The Association refers IPART to the Indec Study for a report on service quality and efficiency. If this report is not available in the timetable set then BCA request that IPART meet with the consultant for a private briefing.

Service Quality can be difficult to measure and the Association has worked with the University of Sydney to identify attributes passengers considered represent quality. These were reported in last year's BCA submission.

More recent work compared a selected number of bus routes of a larger metropolitan operator with selected routes of the STA network. Overall the work showed that the private operator was at least equal to the Government owned STA operations in terms of quality, despite the funding differences.

What are the implications for the environment of fares and should these implications be considered in the fare setting process?

BCA last year reported on these issues and tabled a copy of the bus industry response to the fuel tax enquiry, which addressed the environmental issues now raised by IPART.

⁹ Media Release of 12/5/03

BCA's position is that there are major economic and social benefits of changing travel behavior to reduce the reliance on private motor vehicles and increase the use of public transport and other alternative transport modes.

It is also the industry's view that the benefits/savings of getting people to choose public transport, relative to their use of private cars, should be used as an incentive to achieve modal shift.

As fares go up, those least likely to afford the fare or those with other choices (like access to a motor vehicle) will exercise a change of behaviour, reducing their use of public transport. BCA considers that fare increases are relatively in elastic for those with little choice.

What are the potential social impacts of higher fares, and how should these be considered in the fare setting process?

The social impacts are:

- Higher private bus fares relative to STA fares increases the inequities that already exist. The inequities come about because Government policies are more generous for passengers who use Government buses compared to those that travel on private buses. The BCA calls for a removal of these inequities.
- Increasing fares increases the consideration of transport choices available to potential passengers and in many cases people may choose to use a private car instead of taking public transport if they consider fares are excessive.

Social impacts are an important reason to remove the funding and fare inequities that apply to passengers that use STA services compared to those who use private bus services. A funding mechanism, other than putting up fares needs to be implemented for private bus services.

2. Overview of Private Bus Industry

2.1 Industry Diversity and Structure

The IPART issues paper Section 2 gives a broad overview of the private bus industry but it is important that all stakeholders understand the genuinely unique and diverse nature of this industry. The NSW private bus industry is not one single entity like the STA, but thousands of individual businesses with no more in common than they operate a bus service and an independent spirit.

The diversity is such that it is almost impossible to define a typical bus operator. There are numerous geographic or demographic contract differences and business structures. They vary from small business people who own and drive their own bus on country school runs to multinational corporations that operate with large fleets of vehicles. As an example, there are approximately forty different operators servicing the area covered by the CityRail network.

The private bus industry services the following needs and markets:

- Route services (metropolitan, urban fringe and country towns and regional centres);
- School services (metropolitan and country);
- Charter operations (school and general); and
- Tourist and long distance services.

In most instances the bus operators work in a number of these markets and use the same fleet (a form of capital multi skilling to drive industry efficiencies). However, the IPART issues paper is only relevant to the first two markets, which are the subject of Government contract and fare regulation.

The characteristics in the table below demonstrate some of the differences between the industry structure and operating environment of the private bus industry and the STA, as requested by IPART.

Industry Characteristics

Industry Statistics	Private Bus Operators	STA
Owners	Approx. 1900	1
Commercial Contracts	195	23 estimated
Non-Commercial Contracts	1800	-
Service Areas	Entire state NSW including Sydney Metropolitan, Urban fringe and country areas	Sydney and Newcastle CBD with services to the northern beaches and Parramatta
Geographic/Demographic diversity	Wide range across the state including sparsely populated areas. Lower patronage potential	Narrow range of densely populated areas. Provides maximum opportunity for economies of scale. Higher patronage potential.
Size of fleet	Approximately 6500 vehicles. Of these 2400 in service the suburbs of Sydney, Newcastle, Wollongong etc	Approximately 1935 vehicles
Drivers employed	8000	3230
Pricing Subsidies	No	Yes, \$36m 2001/2+
Service Subsidies	No	Yes, \$30m 2001/2+
Concession Reimbursement	Minimal	Comprehensive
Social Justice funding for buses	Nil	\$24m 2002/3*
Payment method for SSTS	Same	Same
Minimum Service Level methodology	Same	Same
Main Users	Students/Concession	Commuters

Source: BCA Research

+ STA Annual Report (covers all of STA)

* Social Justice 2002/3 Budget papers

3. Regulatory Framework

This section provides a brief overview of the bus industry and regulatory environment in NSW, addressing the key issues raised in Section 3 of the IPART issues paper.

3.1 Summary

- The private bus industry in NSW is genuinely unique and diverse such that it is not possible to define a typical bus operator. The industry is not one single entity, but thousands of individual businesses with similar products/services.
- A report by KPMG on the financial performance of the Bus and Coach Industry found that the rate of return on metropolitan private bus operators was significantly below any accepted opportunity costs of capital required by capital providers given the industry risk profile. A new 2003 report is expected to confirm this (Indec).
- Costs have been held down to levels that are affecting performance and the ability to increase patronage is largely out of the operator's control eg. congestion, parking policy, taxation etc.
- Private bus fares are highly regulated, and under the present Government reimbursement policy there is little room for innovative ticket products. Operators typically charge the maximum adult authorised rounded fare for the first six sections and discount thereafter reflecting the markets inability to pay the maximum fare over longer distances.
- The existing industry framework was set up to strike a balance whereby in return for certain exclusive rights the operators hold the commercial responsibility. Government should now share in this responsibility and ensure that regardless of patronage there is a basic level of service and revenue provided to meet the needs of the community.
- The BCA calls for a return to the partnership approach to service development, the commitment to performance based contracts and a change to the way minimum service levels are set.
- The Government needs to reaffirm its objectives for driver/operator accreditation systems, which are presently a fundamental tool to regulate and set industry standards.
- There has been little progress in the Government bus reform process, which commenced 2 years ago and there is some evidence that a change of Minister and Director-General will take a fresh approach supported by the Industry.
- In May 2003 a new Inquiry has been called into "current funding community transport fares and investment options for train, bus and ferry services."

- Under any new contract model it will be important that the Government takes shared responsibility for patronage and fare box outcomes, given its influence over key factors that drive patronage growth. In some cases, direct Government funding will be required to support minimum service levels.
- Reform of fare structures and mechanisms for setting fare levels cannot be undertaken in isolation of the wider contract reform process.

3.2 Financial Viability

The Passenger Transport Act, National Competition Policy and various external forces, principally in the area of environmental and OH&S compliance have during the last decade, resulted in fundamental changes to the physical operating methods and financial performance in the private bus industry.

Anecdotal evidence pointed to diminished levels of return, increased long term debt and added commercial risk. The BCA therefore engaged an independent consultant to review the general financial performance of the Bus and Coach industry. The report¹⁰ by KPMG found that ‘in terms of an appropriate implied rate of return for urban transport operations, the results (of NSW Metropolitan private bus operators) are markedly below any reasonable opportunity cost of capital which would be required by capital providers to reflect the risks of the industry.’ The independent report further found that the following:

- Return on assets was between 3.4% and 10.75%;
- Return on equity ranged between -1.65% and 15.5%;
- 31% of the operators surveyed were delivering negative returns on equity;
- 72% of the operators suffer regular cash flow difficulties and;
- 44% of the operators surveyed are critically dependant on the timeliness of government reimbursements.

TCA last November commissioned a new study into the Viability of the Metropolitan Bus Industry and BCA requests IPART study this report, and if necessary, meet with the principal consultant preparing the report. The consultant has indicated to the BCA its findings are particularly pertinent to IPART’s review and address KPIs characterising the industry and reporting the levels of efficiency. A copy of the Indec Review survey forms is included as Attachment 5.

The IPART issues paper discusses the revenue profile for the private bus industry and concludes “the full fare is the crucial price variable for determining private bus

¹⁰ KPMG Industry Financial Performance February 2000

profitability (and hence viability) under current regulatory arrangements.” The industry believes that the authorised passenger fare and hence patronage should not be the crucial price variable for profitability/viability for route/school bus services, as most of the factors that affect patronage are outside the control of the operator.

3.3 Partnership with Government and Industry Achievements

The existing 1990 Act was designed to strike a balance between free market competition and the necessity to safeguard the provision of reliable services that meet community needs. The NSW Government recognised the unique nature of the private bus industry but desired to reform the industry by introducing an element of competitiveness whilst providing the pricing stability that was necessary if the industry was to operate effectively.

The BCA supported the changes and developed a workable partnership with the NSW Government to ensure that the necessary changes to the operating conditions were introduced effectively and efficiently.

The existing industry framework strikes a balance, whereby in return for certain exclusive rights the operators take all the commercial responsibility. The current legislative partnership covers an average 6% of all NSW transport needs in areas where they operate and has delivered the following benefits to the users of private bus services:

- Services at a low cost to Government;
- Provides incentive for best utilisation of fleet between school and route services;
- Service levels at or above contract requirements;
- Improved fleet conditions under the required twelve years (the fleet averaged approximately 20 years in 1990);
- Improved service information to the community;
- Improved safety conditions for both passenger and driver;
- Responsiveness to local needs (flexibility meeting trains etc);
- Took over the department’s task of issuing travel passes to school students;
- Development and introduction of a new Driver Training Regime;
- Development of a new Driver Authority entry level training program; and
- Continual development of policy and procedures to assist with compliance issues:
 - DDA Manual/Action Plan
 - Drug & Alcohol Policies
 - Driver Welfare Guide
 - WorkCover Assist Program
 - Premium Discount Scheme
 - Employment Guide
 - SSTS Manuals
 - Accreditation Courses (and refreshers)

The above improvements have been achieved through efficient work practices, rather than from increased revenue from the fare box, and in the case of SSTS, the increased administration burden on operators came with a reduction in SSTS rates, and a change in eligibility criteria.

Costs have been held down to levels that now affect performance and revenue declines for reasons largely out of operator's control eg. congestion, taxation policy and growth in car usage. A change is needed in the way bus services are funded.

The BCA has recently become aware that a number of operators who have a centralised payroll and hold numerous non-commercial contracts are subject to payroll tax, which is not included in the model to calculate payments due to operators. BCA requests IPART approve that where an operator can demonstrate that his payroll tax liability includes drivers operating non-commercial services, their payments to that operator would be increased to cover those actual costs.

3.4 *Regulatory Deficiencies*

The issues paper discusses the relationship between receiving fare increases and achieving efficiencies.

Private bus operators continue to meet their contractual requirements and believe TCA has not met its commitment to data collection, performance assessment and effective audit and compliance. Overall, the private bus industry has been able to ensure compliance with the Act.

The BCA calls for a return to the partnership approach to service development, the commitment to performance based contracts and a change to the way services are contracted and paid for.

The Government needs to reaffirm its objectives for driver/operator accreditation systems, which are presently a fundamental tool to regulate and set industry standards. An accreditation system is only as good as the system in place to deliver, audit and enforce relevant standards.

The Association believes the Indec Report will show that private operators arguably provide the best value for money bus services in Australia, and the process of withholding revenue until efficiencies are demonstrated may be appropriate for the STA, but is completely inappropriate for the private bus industry, who have driven down costs and forced efficiencies over many years.

4. Approaches to Price Regulation

The following section contains the BCA's comments on the existing approach to regulating fares for the private bus industry and the alternative approaches identified by IPART Section 4.

4.1 Summary

- The current cost index approach to regulating fares for Commercial Contracts was initially introduced in 1996 to provide the industry with much needed pricing stability to support new investment in the industry. It was intended that the structure of the model would be periodically reviewed and was based on the expectation of a Government/industry partnership to grow patronage. A new model still needs to be developed.
- In the absence of any agreement to use a different model the BCA has updated the existing parameters in the cost models for both Commercial and Non-Commercial Contracts and addressed the concerns raised by IPART in its 2002 fare review.
- The best alternative approach for setting fares must be done in the context of the bus reform process and include contract requirements, and funding mechanism.
- Reform of the existing approach to regulating fares for Commercial Contracts is required in light of the financial viability issues currently facing private operators. The industry is struggling to absorb a number of growing costs that are not provided for in the revenue generated.
- The Government/Industry agreed that there should be common maximum fare schedules across the industry, rather than having fares left uncapped.
- The other index based approaches (with and without a productivity factor) discussed by IPART do not adequately cater for the unique characteristics of the bus industry and the range of external costs imposed.

4.2 Existing Approach

Commercial fares

The determination of commercial private bus operator fares is the legislative responsibility of the Director-General TCA¹¹. The existing approach to fare setting complies with the Act.

It is recognised that the private bus industry is capital intensive and bus costs, wages and fuel make up the main component of the costs of providing bus services. Any fare increases based on CPI or general inflation may not properly reflect this relationship.

¹¹ Section 19 NSW Passenger Transport Act 1990

TCA in the mid 1990's recognised that a number of the planned industry reforms required additional capital investments and the private bus industry needed pricing stability to provide that capital. Deloitte Touche Tohmatsu was engaged to develop an appropriate cost index. The BCA participated in the development of the model including a survey of costs.

Under existing arrangements the NSW Government specifies that there are six commercial fare scales applicable in NSW. These comprise four base fare scales and two additional scales where the Diesel and Alternative Fuel Grant Scheme apply. Copies of the existing fare schedules are contained in Attachment 3.

When the Director-General approves a percentage increase it is applied to the existing unrounded authorised maximum fare and then rounded to the nearest \$0.10. Most operators do not charge the cash fares at the maximum permissible rate.

When the bus industry cost index was developed (1996) there was an understanding that the categories of the cost index may need to be modified over time and it was envisaged that a major structural revision would be completed every five years. The BCA accepted the use of the current cost index in the absence of a new approach to both revenue and costs.

The present cost index system is now 7 years old and does not adequately address all the current costs being experienced by the industry, nor the revenue shortfall being experienced in trying to meet contracted requirements. Costs not adequately reflected in the Cost Index include:-

- Revised Occupational Health and Safety legislation and regulations;
- Traffic congestion that increases running times;
- Increased environmental obligations (the industry is an active participant in the Greenhouse Challenge);
- Changing work practices (eg increased training needs);
- Privacy legislation;
- Child protection legislation;
- Fleet replacement (i.e. disabled accessibility) etc.;
- Reduced bus capacities (refer to Attachment 4);
- Reduced patronage; and
- Industrial Relation issues not covered in the revenue generated.

The expansion of toll roads has also had a mixed result for the industry. In a small number of cases bus lanes have been provided, however buses pay full toll. The cost of road tolls is also of growing concern to the industry. For example, for one return trip using the M2 and the Bridge costs \$20.60.

The Association generally agrees with IPART's advantages and disadvantages report on the Cost Index approach. However the alternate approaches discussed by IPART still fail to address the fundamental reforms needed to sustain the existing contracted levels of services and provide a return on investment.

Non-Commercial Contract Payments

Non-commercial contracts for private bus operators in NSW relate to contracted school services in country areas. Students are transported to school according to a set route specified by TCA. The determination of these non-commercial private bus operator payments is the legislative responsibility of the Director-General and the existing approach complies with the Act.

Contract payments have been historically calculated using a financial model developed by PricewaterhouseCooper (PWC) commissioned and jointly agreed to by TCA and the BCA. The model is fundamental and transparent. Preparation required surveying of industry costs and agreement on a model that best reflected an industry benchmark of costs and an acceptable rate of return. Recent PWC audits (commissioned by Government) of Non-Commercial Contracts reported an extremely high level of services operate reliably and on time.

The PWC Model has been relatively simple and required an annual update and a 5 yearly survey. The bus operator is reimbursed an amount dependant upon the size of the bus, the number of hours operated per day and the distance contracted. The costs are determined by reference to cost categories, capital costs, bus related costs, driver related costs, fuel, other distance related costs and an agreed return on investment.

The amount of the increase resulting from the model is not a fixed percentage that applies equally to each contract. The variables need to be input into the model on a contract-by-contract basis (ie. different kilometres, different hours of operation and different size vehicle). An energy credit scheme applies to some operators depending on the area serviced and the vehicle used.

The BCA has previously agreed that the existing model for establishing the rate of payment for non-commercial contracts should be updated. Therefore, the BCA commissioned the University of Sydney to review the model and used the results of a cost survey to put forward a new model (See Attachment 2).

Cost Index Approach

The benefits of the present cost index approach for setting per passenger fares largely relate to the lower cost to NSW Government of providing bus services in the areas outside the STA contract area. The difficulties relate to the business structure of the industry and the subsequent difficulties of data collection.

As stated earlier, without a new Government policy framework the BCA has little option but to submit this application using the same basic cost index approach, but with improvements where they are justified.

Capturing revenue and profit data from such a diverse range of business would be a major task and, given the shared nature of assets and overheads, provide no guarantee of an acceptable level of accuracy. The NSW Government has in the past been unwilling to embark upon such an exercise. The cost index approach has been

identified as a cost effective solution to the problem until a different contracting system is introduced.

The Tribunal invites comments on the components and weightings currently used in the Commercial Contract Cost Index

A summary of the weightings of the main cost items for the 2003 application is as follows:

	2003	2002
Bus Capital Costs	15.84%	14.98%
People Costs	50.61%	50.49%
Insurance & Registration	3.71%	3.20%
Fuel	10.37%	11.63%
Repairs & Maintenance	5.27%	5.33%
All Other Costs	14.20%	14.37%
Total	100%	100%

Each year these weightings are adjusted based on the previous year's cost increases and recalculated back to a base of 100.

The components are those agreed by TCA and the BCA to reflect the costs of providing services under commercial contracts.

The BCA would be happy to assist TCA and/or IPART review the suitability of these components and their relative weightings. A new survey to validate the weightings has not been justified without the participation of TCA and because the so called Bus Reform agenda would be changing the system.

The BCA agrees with IPART that the bus cost items be consistent over time, representative of the cost and their movements be reinforceable.

With regard to the weightings and how they marry up to the dollar amount, the Tribunal itself indicates the cost items are set to measure the change from one year to the next and the model was not set up to equate to the total dollar cost of operating a bus.

The model is based on proportions of 100%, not the dollar value of each cost.

Without a further survey BCA has relied upon the weightings previously agreed and annually adjusted as the basis of this submission. In the absence of a detailed survey the above weightings are considered as reasonable, based on the work done by PWC when calculating GST inputs and from a reasonableness test by selected operators.

IPART's concern about the dollar values not corresponding to the weightings are reported on below.

The IPART issues paper deduces (using 2002 data) that the implied annual cost of operating a vehicle is \$514,000 p.a. based on the relations between ie. if 14.98% represents \$76,990 (an annual lease cost).

What this IPART deduction fails to recognise is that the \$76,990 is an annual lease cost of a new vehicle. The actual fleet is comprised of a mixture of new and non-new vehicles. The Index is intended to select a suitable benchmark, in this case the cost of a leased new vehicle and compares the lease costs with the lease costs 12 months previously.

With regard to Greenslips and registration costs, the weightings were calculated based on an average of the Sydney Metropolitan and country Greenslip costs. In previous years we had used the increase in the Greenslip rates applicable to the Metropolitan area. This has been adjusted in the current submission, and an average of the Sydney Metropolitan and country rates have been used to ensure consistency between the dollar figure with the weightings. Explanations on the actual cost items used to arrive at the 2003 application are included in Attachment 1.

4.3 *Alternate Approaches*

The IPART issues paper Section 4 indicated that the Tribunal invites comments on the application of various possible fare setting approaches to the private bus industry and discusses three options.

All of the three models discussed by IPART have advantages and disadvantages, however cannot be adequately viewed in isolation of a complete contracting model. The Government's specific request to IPART to assess alternatives, has resulted in a useful discussion on a number of options, but for the private bus industry more fundamental issues need to be resolved before real progress can be made, on different fare setting models.

The alternative cost index approaches (with and without productivity adjustment) proposed by IPART are arbitrary and do not reflect the unique cost characteristics of the bus industry. For instance, outside cost indices do not necessarily reflect cost rises or falls that are outside the control of the bus industry. Such items as diesel fuel, chassis and body costs, tyres etc would not be accurately reflected in external cost indices. These items are largely set by world markets. As a result, these approaches have the potential to compound the financial pressure currently being experienced by the industry.

Any productivity adjustment would necessarily have to flow from the labour component of the cost index, which makes up 50% of the current cost index. Yet it is widely recognised the current labour agreement already gives NSW private operators greater flexibility than other comparable operators in other states, as well as STA. NSW bus drivers spend more "behind the wheel" time than other operations in Australia as well as overseas. Further improvements in this area are limited.

Aside from the labour intensive nature of the industry – each bus needs a driver, productivity can be difficult to measure and also needs to take into account increases and decreases in service quality linked to productivity gains. For example larger buses could lead to productivity gains, but this could be at the expense of the passenger as service frequency could be reduced while the seats supplied remains the same.

The productivity adjustment method will not ensure the financial viability of the industry participants and suffers largely from the same problems that are inherent with cost indexes.

In summary the Industry's view is that:

- The cost index is not the ideal approach to setting fares. It does not maintain reasonable profit margins, but in the absence of new funding arrangements is still the most suitable under present circumstances.

5. Fare Levels and Structure

The issues paper Section 5 outlines the present fare levels set by TCA and includes a table comparing adult fares with STA and two private operators. Attached is a full set of current maximum fares set by Government (Attachment 3).

In outlining the comparisons the issues paper fails to expand on the reasons for the differences between STA fares and private bus fares.

The major reason STA fares are cheaper and fare products are more comprehensive is that STA receives Government reimbursements and pricing and service subsidies not available to private operators to allow them to offer such discounts and products (refer page 14).

Private bus fares are highly regulated, and under the present Government reimbursement policy there is little room for innovative ticket products. The Bus Operators take every opportunity to promote new custom or develop new routes through the use of discount fares, but generally, few new products (with discounts) generate sufficient new patronage to cover the cost of the discount. Revenue from charter and school services is often used to subsidise the poorly patronised route services such as those late at night and on weekends.

Existing fare structures provide for four basic fare schedules (i.e. Metropolitan Fares, Country Town Fares, Urban Fringe Fares and Rural Fares). Each of the four schedules is broken up into sections (1.6km lengths) and fares are set per section.

The range of tickets on offer varies from operator to operator and the ability to discount fares without affecting profitability.

BCA has undertaken a recent survey of operators to determine the extent of fare discounts and/or products that are available to customers. Operators offer a mixture of products, including:

- Weekly and return ticket discounts (offering up to 40% discount in some areas);
- Combined bus and train weekly tickets;
- University campus return discount tickets;
- Discount tickets to tourist attractions (eg. Wonderland) combined with bus tickets;
- Transfer tickets;
- Smartcard discounts (offering up to 10% discount);
- Loyalty discounts (eg. – free trips are offered at the end of each week, if a minimum number of trips (usually 10) are taken throughout the week;
- Half-fare travel to all full-time students, regardless of age, when they travel outside of school hours;
- Half-fare travel to youth undertaking traineeships or apprenticeships;
- Discounted term passes for school students that don't qualify for SSTs; and
- All day travel discount excursion tickets.

Operators typically charge the maximum adult authorised rounded fare for the first six sections, and variations occur thereafter, which results in operators charging substantially less than the maximum adult authorised rounded fare. In regional areas discounts typically occur after the first four sections where the operator charges

substantially less than the maximum adult authorised rounded fare, offering regional customers discounts on travel undertaken for shorter distances. Overall, the largest discounts are offered in regional areas.

The assumption here is that there is a price ceiling placed on fares by operators as there is a belief that the market can't afford to pay the maximum adult authorised rounded fare from a certain point onwards, depending on the region that services are provided, ie. it is better to receive a discounted fare than no fare at all. Loyalty discounts offered to customers, as discussed above, also financially assist those customers travelling reasonable distances regularly.

Comparisons with STA

The IPART Terms of Reference invites comments on the existing fare structure for private buses, including the range of tickets on offer and relativities with Government owned operations. The issues paper takes the opportunity to compare STA and private bus operators in a graphical presentation. STA fares are stepped, whereas the maximum private fares are not stepped and reflect the basic principle that fares are distance based, ie. the longer you travel the more it costs.

Direct comparisons between the STA and private operators are difficult and often misleading due to the inherent differences between the two business models. Any attempt to compare STA and private operators without adequate acknowledgement and analysis of these fundamental differences provides little in the way of informed debate.

There are fundamental differences including:

- Operating regions;
- Traffic congestion;
- Population density (hence, boarding times etc.);
- Cost structures;
- Industrial relations environment;
- Government Reimbursement Policy;
- Government subsidies;
- Pensioner Excursion Ticket and other concession eligibilities;
- Contract areas vary considerably and the ticket products available to each area should be tailored to suit those passenger needs;
- The Government operates services in the more densely populated areas of Sydney and has a high level of passengers that travel on their fleet directly to major centres (ie. CBD);
- Private operators are not able to offer the same level of discount that would increase patronage to a level to offset the discount whilst the Government operator can offer discount products with the Government subsidising the shortfall;
- Private operators are mainly servicing the rail network and regional areas rather than the CBD; and
- The availability of transit and bus lanes and other bus priority measures.

The Indec Study commissioned by TCA included both the STA and private operators and IPART should obtain a copy of that report to assist in comparisons.

6. Service Quality

This section contains comments on the current level of service quality provided by the private bus industry

6.1 Summary

- The BCA believe that the private coach and bus industry operates to a very high level of service quality, given the current operating conditions and regulatory framework. Private operators report to the BCA that they meet the service standards required, maintain a very high level of availability (impacted mainly by external factors such as traffic congestion), interface well with rail services and have developed innovative marketing and service initiatives.
- The BCA supports performance based monitoring of the industry and has actively proposed collection and reporting of performance data from industry members.
- The BCA believes the current capturing and reporting of performance standards by TCA is inadequate and fails to meet reasonable expectations of the community and the industry.
- The BCA believe the Indec Study will confirm the quality of service offered by the private bus industry.
- The Key Performance Indicators being analysed by Indec are contained in Attachment 5.
- The Bus Award contains a driver monitoring system based on customer service principles and acts like a customer feedback management system.
- BCA last year issued a generic customer service charter for members to use for the development of their own charter. The charter was also submitted to IPART.

6.2 Service Quality

The Tribunal's issues paper summarises the standards prescribed under commercial and non-commercial contracts. The issues paper also notes that the "extent" to which these standards are monitored and enforced is unclear to the Tribunal.

Monitoring and enforcing performance standards is the responsibility of TCA (the Contractor). It is apparent to the industry that TCA is well behind on its audit program and apparently has failed to capture and adequately report on operators' performance.

TCA records should contain a complete history of services provided by private bus operators who are required to notify the department of any changes implemented.

In January 2002 the BCA proposed to TCA that it should require all commercial contract holders to start collecting and reporting data as suggested by the BCA. This

initial data set included reliability, patronage, customer feedback, service levels and fleet information data.

TCA did not respond to this request, so the BCA continued to attempt to survey selected members to try to accumulate and report on performance indicators.

As can be seen by examining the survey forms currently being collated by Indec (Attachment 5), the Indec Report is expected to contain an independent analysis of Performance Indicators.

BCA will submit these to IPART as soon as they are available.

A review of the audit measures used by TCA provides a good list of performance measures on which to analyse the industry's performance. Unfortunately, the number of audits undertaken and the lack of a reporting system that is made public, prevents the BCA from making further comments on operator's performance relative to the contract requirements they face. It should be noted that not all contract holders are BCA members and BCA's attempts to obtain details of all contract holders, has in the past not been supported by TCA.

The Association believes that any reasonable comparisons with other states will confirm BCA's view of a highly efficient, low cost performance with very low margins and little reserves or means for service growth, in a risk profile not conducive to service growth, particularly for the Metropolitan area.

Service Quality Index prepared by BCA

In 1999, in anticipation of the implementation of the PAR regime the BCA commissioned the Institute of Transport Studies to develop a Service Quality Index (SQI), which identified 13 important attributes for service quality. The following lists the attributes developed to measure Service Quality.

- | | |
|-----------------------|---------------------------|
| - Reliability | - Information at Bus Stop |
| - Fares | - Frequency |
| - Walking Distance | - Safety on Board |
| - Waiting Safety | - Cleanliness |
| - Travel Time | - Access |
| - Bus Stop Facilities | - Driver Attitude |
| - Air Conditioning | |

The survey was conducted on the basis of take home surveys and on board, face-to-face interviews. The results were reported for the industry and each operator was ranked.

The BCA proposed to rerun the index every two years and use the process as a continuous improvement program as well as comply with the requirements of the PAR regime.

The BCA sought confirmation from TCA that the process was consistent with the planned PAR. The BCA considers the process to be a valuable tool to drive improved customer service. Progress continues with the University to develop the system and to link it to a separate pilot study benchmarking exercise undertaken between a private operator and the STA.

This work compared a selected number of bus routes of a larger metropolitan operator with selected routes of the STA network. Overall the work showed that the private operator was at least equal to the Government owned STA operations in terms of quality. The private operator rated 2, 3 and 6 out of nine segments tested, with fares being the largest negative impact on quality for the private operator.

The work ranked thirteen attributes of quality and emphasised the relative importance of these attributes. It showed up the importance of obtaining a seat on the bus, especially on longer trips, as well as the importance of bus stop infrastructure, something that is largely outside the bus operator's control.

Bus fares were largely seen as the biggest negative quality attribute.

TCA did not support the regular use of this Service Quality Index and hence it has not been repeated.

Minimum Service Levels

Operators are required to meet minimum service levels prescribed in their contracts. Such service levels are supposed to be subject to periodic review to reflect the changes to population and patronage demand/potential.

Most operators have reported to the BCA that the service levels they operate (as lodged with TCA) exceed the minimum set by their contract. This is despite the industry's belief that in Sydney the contract minimum levels are not sustainable from existing revenue sources. Relying on fares to deliver profitability is not considered a suitable mechanism to ensure viability, service delivery and fare equity with the STA.

The BCA has requested a review of the existing service level methodology used for setting services in the Metropolitan area. The method is out of date (developed in 1990-92) and should be part of any bus reform agenda, together with fares policy and changes to the SSTS – all are interlinked.

On Time Running

The private bus industry prides itself in maintaining a very high level of vehicle availability. It is very rare for a service to be cancelled or a vehicle not to leave the depot on time. However, the operational difficulties experienced as a consequence of increasing road congestion over recent years have diminished on time running statistics as the sole reliability measure of the industry performance.

Interface with Rail Services

Many operators provide substantial route services that commence or terminate at railway stations and act as feeder services for commuters. The development of these services is vital in terms of an integrated transport structure for the metropolitan area.

However, the purpose of feeder bus service for the passenger is to provide a timely connection with the train service. The poor on time running of CityRail services has created difficulties for this type of service and creates disincentives for use by the public. No matter how efficient the bus service the passenger custom is lost due to problems with CityRail.

The current decision to postpone the agreed date of the introduction of a new rail timetable with late notice and no revised date is an example of how to discourage people from using public transport.

Customer Charter

The private bus industry is committed to providing a service, which is safe, reliable, comfortable, and value for money for passengers.

The BCA in 2002 released a generic customer charter for use by association members.

This charter sets out our commitment to passengers to deliver continuous improvement in both quality and reliability of service and details the standards set in key service areas including bus quality, cleanliness, safety, driver performance, punctuality, passenger information and complaints procedures. The charter was submitted with BCA's 2002 IPART application.

Marketing and Products

The commercial service contracts require private bus operators to market their services to the general public. The marketing is undertaken by various media means including newspaper and radio advertising, on bus advertising, letterbox drops of timetables and participation in local area community promotions.

Timetables are available at all times for distribution to the travelling public. Timetables are available on buses, at bus depots and displayed in appropriate display cases at major bus stops and interchanges.

Bus operators are also using websites to market and promote the services provided and to advise of the various ticketing products available and participate in the Go Transport Week promotion that takes place at a number of metropolitan and regional locations each year.

Private operators now provide detailed information to the Government's 131 500 Call Centre and computer system to provide information on their services.

Service Innovations

Bus Operators endeavour to respond to passenger needs and introduce innovations provided this can be done within existing revenue and cost structures. Examples of such services are:

- Flexi Bus Service operated by Baxters Holroyd Bus Lines in the Merrylands-Greystanes areas where by prior arrangement passengers are picked up at the front door and conveyed to and from local shopping centres and for appointments;
- Increased frequencies and new routes;
- Introduction of accessible buses;
- Operation of new city services from the Northern Beaches and the North Western suburbs of Sydney;
- Move zone trials in Western Sydney by Westbus;
- Introduction of some direct limited stop services;
- Summer school programs including Westbus' Beach Bus service providing transport from the Hills area to Manly Beach; and
- Provision of depot and support services to Western Sydney Buses (STA) in the operation of the Liverpool-Parramatta Transitway.

Operators have also reacted to passenger needs by introducing cross regional services, some of which are shown below:-

Blacktown – Castle Hill	Windsor – Parramatta
Mt Druitt – Parramatta	Windsor – Richmond/Penrith
Liverpool – Parramatta	M2 Services from Blacktown/Hills District – North Sydney/Sydney CBD
Liverpool – Blacktown	Hills District – Manly (Summer Months)
Liverpool – Penrith	Liverpool - Camden
Campbelltown – Blacktown	Ballina – Lismore – Grafton
Blacktown – Parramatta	Byron Bay to Brisbane
Blacktown – Epping	Casino – Tenterfield
Liverpool – Bankstown	
Port Stephens – Raymond Terrace and Charlestown	

Most of these services are not profitable in their own right, but are an attempt to try and reduce the losses as a result of more and more people switching to their cars rather than taking a bus. Operators remain willing to introduce additional cross regional services and negotiate arrangements with neighbouring operators when there is an assessed commercial application.

In most cases cross regional services can not be operated from the revenue they generate and require separate funding in order to be sustained.

TCA have undertaken a feasibility study of Cross Regional Services, but the BCA understands that the report has not been finalised. IPART may obtain details from TCA.

Surveys

Private bus operators are continually carrying out surveys of their services to assess the effectiveness and efficiency of the level of service being provided. Bus operators use various techniques including, short yes-no on bus surveys and comprehensive passenger surveys where passengers are invited to complete a survey form and hand it back to the driver when next they travel.

As part of the survey process, some operators choose to attend local community and council meetings and note comments that may be addressed to the meeting in regard to public transport.

Bus operators require drivers to report any problems that may occur during a shift that detracts from the expected level of service. Drivers from time to time are also required to complete shift surveys. These surveys provide information relation to on-time running, passenger boarding points and destinations and any passenger comments.

Ticketing Products

Bus operators offer a variety of ticket products, including Faresaver, Busplus, Wonderlink (Aust. Wonderland Services) smart cards, weekly and return tickets, University, School and TAFE weekly & term tickets (refer page 25).

Complaints Handling

Bus operators believe that actively encouraging feedback from customers will improve the service.

Suggestions for service improvements and complaints about existing services are vital and Bus Operators receive complaint by telephone or in writing. A written acknowledgement to such complaints is despatched within two working days. The matter is investigated and, in 90 per cent of cases, a written reply will be sent within five working days. Complaints handling procedures are part of a contract requirement, which is subject to TCA audits.

The Bus Award contains a driver monitoring system based on customer service principles and acts like a customer feedback management system.

Stakeholder Consultation

Bus operators attend various traffic committees and school meetings to increase their responsiveness to their customers. The BCA also widely participates in a range of stakeholder activities. These include regular meetings with:-

- Commuter groups;

- Roads & Traffic Authority, National Road Transport Commission;
- Local councils;
- WorkCover;
- Schools and Department of Education;
- Urban planning bodies; and
- Various other Government Departments and authorities.

Incentive

Private operators have a financial incentive to satisfy its customers and grow patronage, unlike STA, revenue from school and route services is based on fares and patronage, and each passenger lost or not attracted is lost revenue.

7. Other Issues

The IPART issues paper Section 7 reproduces a lot of data from the TDC publication “Bus Users in Sydney December 2002.”

In general this data confirms that the bulk of concessions and Government subsidy is going into a limited geographic area highlighting the need for the fare and concession equity called for by the BCA ie. the Pricing and Service subsidies and concession reimbursements paid by Government for bus passengers should be more equitably distributed.

The following section provides comment on the social and environmental impacts of the current fare structure and approach on regulating fares

7.1 Summary

- The BCA believes it is unlikely that the current fare increase application will have an impact on the environment.
- A major contribution can be made to improving environmental factors by getting more people to use public transport rather than the private car.
- The private bus industry has made considerable progress toward cleaner air and improvement to the environment. This includes use of more environmentally suitable fuels, vehicles and work practices. Most of these initiatives have resulted in an increase in costs without corresponding increases in revenue.
- A road pricing system should be developed to grow public transport.
- The BCA believe that the main social impact of the proposed increase to commercial bus fares is that it will widen the gap between the subsidised fares of the STA, particularly the Pensioner Excursion Ticket, Travel 10 ticket compared to those applicable to passengers serviced by private bus operators.

7.2 Environmental Impacts

IPART issues paper requested comments on environmental issues and how these should be considered in the fare setting process.

The BCA is of the view that the increases in fares resulting from the annual fare review are unlikely to have an impact on the environment.

The social/economic benefits of growing public transport, particularly achieving a modal shift from the car provides a strong argument for the government. In a lot of cases operators cannot viably increase frequency without government assistance to invest in improving bus services by taking greater funding responsibilities.

The environmental benefits of bus transport are significant compared to other modes of transport. A single Melbourne tram emits 3 times the greenhouse gases of a motor car

on a passenger km basis! A Melbourne bus is 18 times lower than a tram in terms of greenhouse emissions on a passenger km basis.

A road pricing system should be developed to grow public transport.

At present it appears that the increased cost to Government by granting a fare increase is not viewed in terms of the economic savings and benefits it makes in providing the fare increase. Such savings and benefits under the present system are limited because the passenger bears the full impact of private fare increases except to the extent they require an increase as a result of the free School Student Travel Scheme.

In developing a new bus contract model that does not solely rely on fares for profitability, the Government should look at a total business case for investing more into bus services.

BCA and others have made previous submissions about congestion costs and the benefits of a whole of Government public transport budget.

Business cases have been made for proceeding with Integrated Ticketing, why can they not be examined for putting more resources into increasing bus services.

Bus Industry Initiatives

The private bus industry has made considerable progress toward cleaner air and improvement to the environment. The Bus industry is constantly responding to measures to improve the environment. Some initiatives are in response to regulation/legislation whilst others are responding to customer needs. Recent initiatives of note include:

- Improved vehicle/engine specifications;
- Choice of fuels;
- Waste disposal measures;
- Participation in Greenhouse Challenge ; and
- Roster efficiencies.

Most of these initiatives have resulted in an increase in costs without corresponding increases in revenue. In terms of a solution to environmental issues the BCA believes that the simplest, most cost effective solution is to get people out of their cars and into public transport.

The bus industry last year developed a submission in response to the Commonwealth Government Fuel Tax Inquiry. The submission covers all those environmental factors that are influenced by public transport (including air pollution, climate changes, greenhouse gases and noise), and was submitted to IPART in 2002.

The report indicates that State and Commonwealth Governments needs to take affirmative regulatory action (tax policy, bus priority etc.) to make an impact on reducing environmental damage.

BCA's position is that there are major economic and social benefits of changing travel behaviour to reduce the reliance on private motor vehicles and increase the use of public transport and other alternative transport modes.

It is also the industry's view that the benefits/savings of getting people to choose public transport, relative to their use of private cars, should be used as an incentive to achieve modal shift.

In Metropolitan Sydney more people are taking more trips more often but are choosing the car rather than public transport to do so. A large reduction in fares may correct this trend, but would require a commitment from NSW Government to fund the revenue shortfall (in a similar manner as it does now with the STA).

Despite these bus industry initiatives the industry faces:-

- Decreasing patronage. The last BCA survey for the 12 months ending June 02 showed a 4.41% decrease for concession trips and 6.15% for trips by full fare paying passengers;
- Decreased vehicle capacity (refer Attachment 4);
- Increased incentives for the community to use private motor vehicles; and
- Increased use of community and courtesy buses often without consultation with private bus operators, and with unnecessary vehicle acquisitions.

7.3 Social Impacts

The IPART issues paper requested comments on the potential social impact of fare increases and how such issues should be considered in the fare setting process. The BCA believe that the main social impact of the proposed increase to commercial bus fares is that it will widen the gap between the subsidised fares of the STA, particularly the Pensioner Excursion Ticket, Travel 10 ticket compared to those applicable to passengers serviced by private bus operators.

Negative social and economic impacts will grow if traffic congestion continues to grow and more people choose to use their private car instead of public transport.

Fare Inequities

Pensioners who wish to use the STA services will continue to be able to travel around the STA and CityRail network for \$1.10 per day. By comparison, a pensioner undertaking a similar length journeys will have to pay significantly higher fares if they travel on private bus services because the NSW Government offers the excursion concession only for travel on Government services.

Increasing the gap in fares between STA and private bus operators increases the social inequities that exist in the two bus system. The Government can minimise STA's fare increases because of its deficit funding/CSO safety net.

The increase in fares proposed by the private bus industry will also increase the SSTS budget to be met by the Government.

Private bus operators are paid a proportion of a substantially discounted fare for transporting school students. The cost to NSW Government will still increase as a result of any fare increase. However, the increased cost of SSTS is expected to be well below the increased level of revenue increase under the State budget. Private Metropolitan operators receive 77% of half an adult fare for carrying primary school students and 77% of 60% of the adult fare for high school students.

The BCA is already involved with a whole of Government working party to address administrative efficiencies needed in the School Student Transport Scheme. The Government has recently released its response to the Public Accounts Committee Review of SSTS.

The BCA has acknowledged the growing costs of SSTS but notes that the recent reviews have failed to analyse the savings made by the NSW Government because of changing education trends. Free school travel facilitates the trend toward private school education. The State Government saves about \$3,100¹² p.a. for each student that transfers from a public to private school and the school transport system greatly facilitates such transfers.

There are a number of matters covered in the Government's Terms of Reference issued to IPART, which are not directly covered in IPART's issues paper. BCA has provided the following comments in response to those Terms of Reference.

Monopoly Powers and Competition

The Government's Terms of Reference include item no. (iii) asking the Tribunal to consider "the protection of consumers from abuses of monopoly powers in terms of prices etc." Discussion of this Terms of Reference does not appear in this year's issues paper. BCA's response last year should be reviewed if further details are required.

A growing area of concern for private operators is the absence of consultation on the best way to meet the needs of Community and Courtesy bus services.

In a high number of cases existing accredited bus operators could be able to meet the demand from existing resources rather than by the purchase of a new bus and separate operations.

Impact of Pricing Policies on borrowing and capital requirements

There is a constant need to replace vehicles as they age and bus contracts set a maximum average vehicle age to be complied with. There is also a need to improve and in some cases, add depots and other capital equipment (washers, hoists, workshop equipment etc).

Private operators usually have to meet such requirements by borrowing and/or leasing arrangements.

¹² State and Federal Budget papers

Pricing Policies directly affect the viability of operators, which directly affects borrowing capacities. Private operators are unable to incur debts that financial lenders feel cannot be secured/repaid. Without adequate funding from fares/reimbursement, capital acquisitions will not be made or will be deferred or reduced in scale.

In some states, Governments provide assistance for bus fleet replacement by way of rebates/interest benefits. Such assistance is not available to private bus operators in NSW. Government Budgets show \$24m allocated to the STA for 2002/3 for the purchase of low floor vehicles, without any allocation for vehicles servicing the majority of the state.

Please refer to the Indec Study for details of financial viability and how the poor state of the Metropolitan Bus Industry is limiting investment/borrowings.

Effect of fare increases on the level of Government funding

An increase in fares has a direct flow to the cost of Government as follows:

1. The half-fare reimbursements will cost more. The half-fare reimbursements for 2002/3 Budget were reported at \$34m.
2. The payments for SSTS through Commercial and Non-Commercial Contracts will also increase.

SSTS payments to private operators for carrying school children currently amounts to approximately \$363m¹³ (2002/3 Budget).

¹³ Budget Estimate

8. *Fare Application*

The following section summarises the private bus industry's fare application for commercial and non-commercial contracts

8.1 *Summary*

In the absence of other forms of funding the BCA applies for fare increases as follows:

1. A 5.59% increase due 1/7/03 based on the model used to calculate fares for the year 1/7/03 to 30/6/04, plus
2. Adjustments to correct the fare rise calculations used to convert pre GST costs to GST/ANTS adjusted opening costs from July 2001. These adjustments have been checked by IPART and agreed to be a 0.75% shortfall from 1/7/01.

The BCA therefore requests such adjustments now be brought to account either by way of separate payment or included in fare increases.

If the Government decides they should be paid as a fare increase the amounts due are an additional:

- a) 0.75% for 1/7/01 to 30/6/02
 - b) 0.75% for 1/7/02 to 30/6/03
 - c) 0.75% for 1/7/03 to 30/6/04
3. Assuming the fare increase for SSTS and half-fare reimbursements will be backdated to 1/7/03 (as requested), the BCA applies for an adjustment to the cash fares applicable from 1/9/03 to recover the lost 2 months of the increase ie. 12/10ths of the increase granted.

If all of the above (1-3) were put into fares the minimum increase would be 9.41% without adding a compounding factor for the loss of arrears. BCA asks IPART to calculate the compounding effect and patronage loss effect and decide if a further adjustment should be added to the percentage requested.

	%
Bus fare increase from 1/7/03	5.59
GST/ANTS component from 1/7/03	<u>0.75</u>
Increase attributable for 03/04 year	6.34
GST ANTS adjustment 1/7/01-30/6/02	0.75
GST ANTS adjustment 1/7/02-30/6/03	<u>0.75</u>
Sub Total	7.84
Delayed implementation adjustment	<u>1.57</u>
Total Increase	<u>9.41</u>

- The BCA engaged the Institute of Transport Studies to undertake a comprehensive review of the Non-Commercial Contract reimbursement model. The review addresses the concerns raised by IPART in its June 2002 fare determination. The Model is submitted to IPART for acceptance as the method of calculating the payments due for the period 1/7/2003 to 30/6/2004.
- Support a change in half-fare concession reimbursement from 50% to 75% of an equivalent full fare. This will allow private bus operators to reduce nominated concession fares from 50% to 25%.
- BCA also requests funding assistance to purchase low floor vehicles similar to the assistance provided to the STA.

8.2 Commercial Fare Application

Attachment 1 of this submission contains the detailed BCA application for a fare increase as at 1 July 2003.

The model, agreed to by IPART in 2002 has been used as the basis for the 2003 application. The IPART comments on consistencies and relativities have been addressed or, where they have not an explanatory note has been provided.

The application is for a 5.59% increase, effective from 1 July 2003. This is made up of the following components:

Cost Components	%
Bus Capital Costs	2.04
Labour Costs	1.63
Insurance & Registration	0.63
Fuel	0.34
Bus Repairs and Maintenance	0.39
All other costs (CPI)	0.56
Total Costs Index ^¾	5.59
Bus fare increase from 1/7/03	5.59
GST/ANTS component from 1/7/03	<u>0.75</u>
Increase attributable for 03/04 year	6.34
GST ANTS adjusted 1/7/01-30/6/02	0.75
GST ANTS adjusted 1/7/02-30/6/03	<u>0.75</u>
Sub Total	7.84
Delayed implementation adjustment	<u>1.57</u>
Total Increase	9.41

During February this year IPART and the BCA discussed the need for an additional 0.75% per annum revenue adjustment in order to adequately compensate the private bus industry for the impact of ANTS. On 7 March 2003, the BCA wrote to IPART confirming these discussions and the need for an additional ANTS related adjustment of 0.75% per annum. Subsequent correspondence received from TCA dated 9 March 2003 acknowledged these discussions between IPART and the BCA. Copies of these letters are available to IPART upon request.

IPART has stated that fare adjustments for 2003 will not be implemented until 1 September 2003, a delay of two months. To compensate for this delay the BCA recommends that the fare adjustment be increased by a factor of 12/10 effective from 1 September. A one-off backdated adjustment to SSTS and concession payments will also be required to compensate for the two month delay.

The BCA also applies for the backdated and current component of the 0.75% ANTS adjustment, for the period 1 July 2001 to 30 June 2004. This adjustment should be calculated based on total fare based revenue received by operators during the period, including fare box revenue, SSTS reimbursements and concession payments.

8.3 *Application for New Rates of Payment for Non-Commercial Contracts*

Attachment 2 of this submission contains the BCA application for an increase in the rates of payment to non-commercial contract holders for provision of school services. The level of payment depends on the category of the vehicle and the kilometres and hours it travels on the specified service.

The Institute of Transport Studies (ITS), under its quality partnership with the BCA, was commissioned to examine and review the current payment base for non-commercial bus contracts in NSW. The current payment base was devised by PricewaterhouseCoopers (PWC) and has been in place since 1991, with revisions, in 2000, to accommodate the implementation of the Goods and Services Tax (GST). The BCA requested ITS to review this payment base. The request arose out of concerns presented by IPART in a report dated June 2002 and industry views on the need for improvements. IPART promoted the need to critically examine and consider alternatives to the following components of the payment base: asset depreciation, risk premium, and the representativeness of the components of bus related costs in a post-GST economy. The BCA asked ITS to determine level of risk, real rate of interest, and residual value for the BCA's submission to IPART for the 2003-2004 determination.

To ensure that the data on cost and performance was current, the BCA undertook a survey of non-commercial bus operators in the last quarter of 2002, seeking details of operations for the year ending 30 June 2002. The BCA supplied ITS with a total of 231 completed surveys.

The "PWC Required Revenue Model," as updated by ITS, includes allowances for:-

- Average cost of Capital;
- Risk Premium;
- Bus related costs;
- Fuel related costs; and
- Other distance related costs.

It should be noted that at IPART's recommendation, fuel costs have been included at the average annual rate rather than the average of the final month for the year.

8.4 Concession Reimbursement

Commercial bus contracts currently require operators to charge half-fare for the following persons and in return the Government reimburses the operator for the other half of the fare. The following is an extract from a commercial contract: "Pensioners, Retired Senior Citizens, Unemployed Persons provided they are in possession of a NSW Government Transport Concession Fare Certificate, or a Government Transport Concession Fare Certificate issued by the Department of Family and Community Services, or a Government Concession Authority issued by the State Rail Authority."

The Department of NSW Half Fare Concession Guide also sets out the requirement for the above groups to receive half-fare concessions and for operators to be reimbursed the other half.

The BCA proposes that for these concession holders the operator charge 25% of the adult fare instead of 50% of the fare and that the Government reimburse 75% not 50% of the fare. This would go some way in bridging the gap between concessions offered to passengers on STA's services with those travelling on private services, particularly pensioners.

The induced/increased patronage from such a move would be consistent with the need to grow public transport and help with a modal shift away from the private car.

As with any increase in patronage this will partially assist the financial difficulties for the operator and assist in meeting fleet replacement and other investment need that they are currently struggling to meet.

The cost of this change can be calculated from the current budget figure for half-fare reimbursements which the Association is informed is around \$35m p.a. for all NSW private operators.

2003 BICI Submission to IPART

Explanations on costs used in index

Part of Attachment 1

1. *Bus Capital Costs*

The bus capital costs are based on a monthly lease payment for a 5 year lease, using the 10 year government bond rate as the interest rate. We have used an average of the bond rate over the full year on the same basis as the non-commercial model done by Sydney Uni. The average rate from 1 April 2002 to 31 March 2003 is 5.65%. The other concepts used in bus capital costs have not been changed this year due to fact that a complete review of the fare increase calculation is to be undertaken prior to the 2004 submission. As indicated by IPART – “these parameters are inextricably linked to the structure of the model” and the complete structure will have to be reviewed prior to making changes.

In the 2003 index we have included the cost of a Mercedes Benz 0500 chassis with the applicable body from Custom Coaches. The Mercedes Benz 0405NH chassis used in the previous year is no longer available and has now been replaced with the low floor Euro 3 model which is 0500. We have excluded the price of Air-Conditioning from the quote.

2. *People Costs*

The award rate of pay is based on the “Motor Bus Drivers and Conductors (State) Award.” The weekly pay rate effective from 1 July 2003 has been used in the calculations.

The Superannuation guarantee rate will remain at 9% from 1 July 2003.

The NSW payroll tax rate will remain at 6.0% from 1 July 2003.

The base wages used to calculate the workers comp premium will include superannuation with effect from 1 July 2003. We have not been able to obtain the rates effective from 1 July 2003 at this early stage. We have received advise from AEI Insurance Brokers that the workers compensation premiums applicable to the bus industry are expected to remain at the current rates.

3. *Bus Insurance and Rego*

The Compulsory Green Slip premiums have been obtained from Zurich Insurance.

In prior years the index included the increase in Green slip costs based on the rates applicable to Sydney Metro areas. To ensure consistency with the weightings we have used the average of Sydney Metro and Country rates in the 2003 submission.

The Comprehensive insurance costs are based on information provided by AEI Insurance Brokers as in previous years. The insurance cost per \$1,000 of bus value has been used in the calculation. This has increased from \$12.23 per \$1,000 of bus value to \$13.83.

Registration cost is based on the prices charged by the RTA. The price per registration has increased to \$882 effective from March 2003.

4. *Bus Lubricants*

The fuel price is based on the average daily price of fuel obtained from Mobil for the period 1 March 2002 – 31 March 2003. The average figures are calculated to 4 decimal places.

Effective from 1 January 2003 changes in government regulations require that the diesel used in buses should be low Sulphur (ie: 500ppm of Sulphur). This has resulted in a price increase of approximately 0.96 cents per litre. For the purpose of calculating the average, the price before 1 January 2003 has been adjusted to ensure that the correct average price for low Sulphur diesel is used in the model. Fuel figures are contained in the spreadsheet supporting the BICI.

5. *Bus Repairs and Maintenance*

The Mercedes Major Service cost is based on the prices supplied by Mercedes Benz for a 50,000Km service.

The tyre price is based on prices supplied by Western Tyre & Wheel Pty Ltd for a Michelin 11R22.5 XZU radial bus tyre.

6. *All Other Costs – CPI*

The annual update to the Required Revenue Model usually occurs in April or May. Accordingly, it is usually not possible to include the June CPI by the time of submission.

For the current submission, we have included the March 2003 quarter CPI compared to March 2002 and adjusted for the ANTS impact. The raw index was then adjusted using the Econtech ANTS adjustment factor for the March 2003 quarter as done in previous years. The resulting rate of inflation for the period 1 April 2002 to 31 March 2003 is 3.91%.

BUS INDUSTRY COST INDEX

Submission to IPART

Effective from July 2003

May 2003 Update

DATE:-

13-Jun-2003

TIME:-

2:38 PM

FILE:-

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	PWC Weights						
	Base %	Base Cost	Cost	Increase	Base %	Increase	
	01-Jul-02	01-Jul-2002	30-Jun-2003	%	30-Jun-2003	Points	
BUS CAPITAL COSTS							
Mercedes 0405NH / 0500 Chassis		\$ 192,206.30	\$ 234,500.20				
Custom Coach Body		\$ 170,500.00	\$ 181,500.00				
Lease Interest (10 Year Bond Rate)		6.32%	5.65%				
Monthly Lease Payment	15.84	\$7,066.22	\$7,974.92	12.86%	17.88	2.04	
PEOPLE COSTS							
Award rate of Pay (incl D/C)	42.06	\$ 626.26	\$ 646.60	3.25%	43.43		
Occupational Superannuation	3.73	\$ 56.36	\$ 58.19	3.25%	3.85		
Pay Roll Tax - Wages	2.30	\$ 40.96	\$ 42.29	3.25%	2.37		
Workers Comp	2.52	\$ 37.68	\$ 38.66	2.59%	2.59		
Total	50.61				52.24	1.63	
BUS INSURANCE & REGO							
Green Slips	1.75	\$ 2,145.30	\$ 2,684.50	25.13%	2.19		
Comprehensive Insurance (per \$1000)	1.27	\$ 12.23	\$ 13.83	13.09%	1.44		
Registrations	0.69	\$ 859.00	\$ 882.00	2.68%	0.71		
Total	3.71				4.34	0.63	
BUS LUBRICANTS							
Distillate	10.37	\$ 0.8900	\$ 0.9194	3.30%	10.71		
Total	10.37				10.71	0.34	
BUS REPAIRS & MAINTENANCE							
Mercedes Major Service	4.18	\$ 1,105.50	\$ 1,200.00	8.55%	4.54		
Tyre List Price	1.09	\$ 658.15	\$ 677.60	2.96%	1.12		
Total	5.27				5.66	0.39	
ALL OTHER COSTS - CPI	14.20	134.04	139.29	3.91%	14.76	0.56	
TOTAL COSTS	100.00				105.59	5.59	
Final Reconciliation of ANTS/GST savings (As agreed by IPART) - Adjustment for 2003/2004						0.75	
Total Claim for fare increase - 2003/2004						6.34%	
Other Adjustments							
Final Reconciliation of ANTS/GST savings (As agreed by IPART) - Adjustment for 2001/2002						0.75%	
Final Reconciliation of ANTS/GST savings (As agreed by IPART) - Adjustment for 2002/2003						0.75%	
Adjustment factor to be applied if fare increase is effective from 1 September 2003 (ie:12/10)						120%	
Total Fare Increase if all adjustments are to be included in fares						9.41%	
Comprehensive Bus Insurance							
	30-Jun-02	30-Jun-03					
Bus Fleet Value	\$ 124,751,546	\$ 116,716,000					
Gross Premiums	\$ 1,526,110	\$ 1,614,738					
Premium Rate per \$1000	\$ 12.23	\$ 13.83					
	30-Jun-02	30-Jun-03					
Superannuation Rate	9.00%	9.00%					
Payroll Tax Rate	6.00%	6.00%					
Workers Comp Rate	6.02%	5.49%					
10 Year Bond Rate	6.32%	5.65%					

CONSUMER PRICE INDEX - Based on PWC calculations

The Sydney Consumer Price Index published quarterly by the Australian Bureau of Statistics (Table 1) has been used as the basis for estimating increases in bus and distance related costs.

Current year
CPI 2.93%
Bond rate 6.43%

Headline CPI

	June	September	December	March	% change	Bond rate	Date
1996				119.1			
1997	119.9	120.2	120.4	120.6	1.3%	7.48%	30-May-97
1998	120.2	119.8	120.1	120.7	0.1%	5.53%	21-Jul-98
1999	121.4	121.9	122.4	122.6	1.6%	6.26%	15-Jun-99
2000	123.0	124.1	124.7	125.8	2.6%	6.53%	22-May-00
2001	127.0	131.6	132.2	134.0	6.5%		
2002	135.0	135.4	136.6	137.3	2.4%		
2003	138.8	139.6	140.4	142.1			

Adjustment factors

2001	1.0000	1.0300	1.0295	1.0290
2002	1.0284	1.0256	1.0249	1.0242
2003	1.0235			1.0202

Adjusted CPI

2000	123.0	124.1	124.7	125.8			
2001	127.0	127.8	128.4	130.2	3.5%	6.12%	21-May-01
2002	131.4	132.1	133.4	134.0	2.93%	6.43%	00/03/2002
2003				139.3	3.91%		

Forecast CPI for March 2002 quarter

	% change		
	March	June	2001/02
Westpac	0.6%	0.4%	2.2%
ANZ	0.4%	0.6%	2.0%
RBA expectation	Within expected trading range (2%-3%) within next 6 quarters		
Average	0.5%	0.5%	

BUS INDUSTRY COST INDEX - Fuel prices from Mobil

Effective from July 2002

DISTILLATE - RESELLER		SYDNEY
-0.51	January 1, 2001	80.81
	January 2, 2001	80.81
	January 3, 2001	80.81
-1.04	January 4, 2001	79.77
	January 5, 2001	79.77
	January 6, 2001	79.77
	January 7, 2001	79.77
	January 8, 2001	79.77
0.40	January 9, 2001	80.17
	January 10, 2001	80.17
0.55	January 11, 2001	80.72
	January 12, 2001	80.72
	January 13, 2001	80.72
	January 14, 2001	80.72
	January 15, 2001	80.72
0.32	January 16, 2001	81.04
	January 17, 2001	81.04
	January 18, 2001	81.04
	January 19, 2001	81.04
	January 20, 2001	81.04
	January 21, 2001	81.04
	January 22, 2001	81.04
	January 23, 2001	81.04
	January 24, 2001	81.04
	January 25, 2001	81.04
	January 26, 2001	81.04
	January 27, 2001	81.04
	January 28, 2001	81.04
	January 29, 2001	81.04
	January 30, 2001	81.04
	January 31, 2001	81.04
	AVG	80.71
-0.23	February 1, 2001	82.33
	February 2, 2001	82.33
	February 3, 2001	82.33
	February 4, 2001	82.33
	February 5, 2001	82.33
-0.52	February 6, 2001	81.81
	February 7, 2001	81.81
	February 8, 2001	81.81
	February 9, 2001	81.81
	February 10, 2001	81.81
	February 11, 2001	81.81
0.66	February 12, 2001	82.47
0.59	February 13, 2001	83.06
0.89	February 14, 2001	83.95
	February 15, 2001	83.95
	February 16, 2001	83.95
	February 17, 2001	83.95
	February 18, 2001	83.95
0.30	February 19, 2001	84.25
	February 20, 2001	84.25
	February 21, 2001	84.25
	February 22, 2001	84.25

	February 23, 2001	84.25	
	February 24, 2001	84.25	
	February 25, 2001	84.25	
	February 26, 2001	84.25	
	February 27, 2001	84.25	
-0.57	February 28, 2001	83.68	
	March 1, 2001	83.68	
-1.50	March 2, 2001	82.18	
	March 3, 2001	82.18	
	March 4, 2001	82.18	
-0.69	March 5, 2001	81.49	
	March 6, 2001	81.49	
-0.16	March 7, 2001	81.33	
	March 8, 2001	81.33	
0.36	March 9, 2001	81.69	
	March 10, 2001	81.69	
	March 11, 2001	81.69	
0.42	March 12, 2001	82.11	
0.30	March 13, 2001	82.41	
0.65	March 14, 2001	83.06	
	March 15, 2001	83.06	
	March 16, 2001	83.06	
	March 17, 2001	83.06	
	March 18, 2001	83.06	
0.47	March 19, 2001	83.53	
	March 20, 2001	83.53	
	March 21, 2001	83.53	
	March 22, 2001	83.53	
-0.55	March 23, 2001	82.98	
	March 24, 2001	82.98	
	March 25, 2001	82.98	
	March 26, 2001	82.98	
0.51	March 27, 2001	83.49	
	March 28, 2001	83.49	
0.44	March 29, 2001	83.93	
	March 30, 2001	83.93	
	March 31, 2001	83.93	
0.49	April 1, 2001	84.42	
	April 2, 2001	84.42	84.42
0.38	April 3, 2001	84.80	
	April 4, 2001	84.80	
	April 5, 2001	84.80	
0.31	April 6, 2001	85.11	
	April 7, 2001	85.11	
	April 8, 2001	85.11	
	April 9, 2001	85.11	85.11
0.38	April 10, 2001	85.49	
	April 11, 2001	85.49	
0.46	April 12, 2001	85.95	
0.39	April 13, 2001	86.34	
	April 14, 2001	86.34	
	April 15, 2001	86.34	
	April 16, 2001	86.34	86.34
	April 17, 2001	86.34	
	April 18, 2001	86.34	
1.04	April 19, 2001	87.38	
0.35	April 20, 2001	87.73	
	April 21, 2001	87.73	
	April 22, 2001	87.73	

0.50	April 23, 2001	87.73	87.73	
	April 24, 2001	88.23		
	April 25, 2001	88.23		
	April 26, 2001	88.23		
	April 27, 2001	88.23		
	April 28, 2001	88.23		
	April 29, 2001	88.23		
-0.48	April 30, 2001	87.75	87.75	86.27
-0.52	May 1, 2001	87.75		
	May 2, 2001	87.23		
	May 3, 2001	87.23		
	May 4, 2001	87.23		
	May 5, 2001	87.23		
	May 6, 2001	87.23		
	May 7, 2001	87.23	87.23	
	May 8, 2001	87.23		
	May 9, 2001	87.23		
	May 10, 2001	87.23		
	May 11, 2001	87.23		
	May 12, 2001	87.23		
	May 13, 2001	87.23		
	May 14, 2001	87.23	87.23	
	May 15, 2001	87.23		
	May 16, 2001	87.23		
	May 17, 2001	87.23		
-0.60	May 18, 2001	86.63		
	May 19, 2001	86.63		
	May 20, 2001	86.63		
	May 21, 2001	86.63	86.63	
	May 22, 2001	86.63		
	May 23, 2001	86.63		
	May 24, 2001	86.63		
	May 25, 2001	86.63		
	May 26, 2001	86.63		
	May 27, 2001	86.63		
	May 28, 2001	86.63	86.63	
	May 29, 2001	86.63		
	May 30, 2001	86.63		
	May 31, 2001	86.63		86.93
	June 1, 2001	86.63		
	June 2, 2001	86.63		
	June 3, 2001	86.63		
	June 4, 2001	86.63	86.63	
	June 5, 2001	86.63		
	June 6, 2001	86.63		
	June 7, 2001	86.63		
	June 8, 2001	86.63		
	June 9, 2001	86.63		
	June 10, 2001	86.63		
	June 11, 2001	86.63	86.63	
	June 12, 2001	86.63		
-0.58	June 13, 2001	86.05		
	June 14, 2001	86.05		
	June 15, 2001	86.05		
	June 16, 2001	86.05		
	June 17, 2001	86.05		
	June 18, 2001	86.05	86.05	
	June 19, 2001	86.05		
	June 20, 2001	86.05		

	June 21, 2001	86.05		
	June 22, 2001	86.05		
	June 23, 2001	86.05		
	June 24, 2001	86.05		
	June 25, 2001	86.05	86.05	
	June 26, 2001	86.05		
	June 27, 2001	86.05		
	June 28, 2001	86.05		
	June 29, 2001	86.05		
	June 30, 2001	86.05		86.34
-0.67	July 1, 2001	85.38		
	July 2, 2001	85.38	85.38	
	July 3, 2001	85.38		
	July 4, 2001	85.38		
	July 5, 2001	85.38		
	July 6, 2001	85.38		
	July 7, 2001	85.38		
	July 8, 2001	85.38		
	July 9, 2001	85.38	85.38	
	July 10, 2001	85.38		
0.33	July 11, 2001	85.71		
	July 12, 2001	85.71		
	July 13, 2001	85.71		
	July 14, 2001	85.71		
	July 15, 2001	85.71		
	July 16, 2001	85.71	85.71	
	July 17, 2001	85.71		
-0.58	July 18, 2001	85.13		
	July 19, 2001	85.13		
-0.85	July 20, 2001	84.28		
-0.54	July 21, 2001	83.74		
	July 22, 2001	83.74		
	July 23, 2001	83.74	83.74	
	July 24, 2001	83.74		
-0.58	July 25, 2001	83.16		
	July 26, 2001	83.16		
	July 27, 2001	83.16		
	July 28, 2001	83.16		
	July 29, 2001	83.16		
	July 30, 2001	83.16	83.16	
	July 31, 2001	83.16		84.674
	August 1, 2001	83.16		
	August 2, 2001	83.16		
	August 3, 2001	83.16		
	August 4, 2001	83.16		
	August 5, 2001	83.16		
	August 6, 2001	83.16	83.16	
0.40	August 7, 2001	83.56		
	August 8, 2001	83.56		
	August 9, 2001	83.56		
	August 10, 2001	83.56		
	August 11, 2001	83.56		
	August 12, 2001	83.56		
	August 13, 2001	83.56	83.56	
	August 14, 2001	83.56		
	August 15, 2001	83.56		
	August 16, 2001	83.56		
	August 17, 2001	83.56		
	August 18, 2001	83.56		

	August 19, 2001	83.56		
	August 20, 2001	83.56	83.56	
	August 21, 2001	83.56		
	August 22, 2001	83.56		
-0.73	August 23, 2001	82.83		
	August 24, 2001	82.83		
	August 25, 2001	82.83		
	August 26, 2001	82.83		
	August 27, 2001	82.83	82.83	
	August 28, 2001	82.83		
	August 29, 2001	82.83		
	August 30, 2001	82.83		
	August 31, 2001	82.83		83.2775
0.51	September 1, 2001	83.34		
	September 2, 2001	83.34		
	September 3, 2001	83.34	83.34	
	September 4, 2001	83.34		
	September 5, 2001	83.34		
0.33	September 6, 2001	83.67		
	September 7, 2001	83.67		
	September 8, 2001	83.67		
	September 9, 2001	83.67		
	September 10, 2001	83.67	83.67	
	September 11, 2001	83.67		
0.39	September 12, 2001	84.06		
0.54	September 13, 2001	84.60		
0.56	September 14, 2001	85.16		
	September 15, 2001	85.16		
	September 16, 2001	85.16		
0.40	September 17, 2001	85.56	85.56	
0.74	September 18, 2001	86.30		
0.60	September 19, 2001	86.90		
0.45	September 20, 2001	87.35		
	September 21, 2001	87.35		
	September 22, 2001	87.35		
	September 23, 2001	87.35		
	September 24, 2001	87.35	87.35	
	September 25, 2001	87.35		
	September 26, 2001	87.35		
-0.99	September 27, 2001	86.36		
-1.01	September 28, 2001	85.35		
	September 29, 2001	85.35		
	September 30, 2001	85.35		84.98
-0.66	October 1, 2001	84.69	84.69	
	October 2, 2001	84.69		
-0.71	October 3, 2001	83.98		
-0.61	October 4, 2001	83.37		
-0.58	October 5, 2001	82.79		
	October 6, 2001	82.79		
	October 7, 2001	82.79		
	October 8, 2001	82.79	82.79	
	October 9, 2001	82.79		
	October 10, 2001	82.79		
-1.05	October 11, 2001	81.74		
	October 12, 2001	81.74		
	October 13, 2001	81.74		
	October 14, 2001	81.74		
	October 15, 2001	81.74	81.74	
	October 16, 2001	81.74		

-0.58	October 17, 2001	81.16	
	October 18, 2001	81.16	
	October 19, 2001	81.16	
	October 20, 2001	81.16	
	October 21, 2001	81.16	
-0.56	October 22, 2001	80.60	80.60
	October 23, 2001	80.60	
-0.50	October 24, 2001	80.10	
	October 25, 2001	80.10	
-0.65	October 26, 2001	79.45	
	October 27, 2001	79.45	
	October 28, 2001	79.45	
	October 29, 2001	79.45	79.45
	October 30, 2001	79.45	
	October 31, 2001	79.45	81.854
	November 1, 2001	79.45	
	November 2, 2001	79.45	
	November 3, 2001	79.45	
	November 4, 2001	79.45	
	November 5, 2001	79.45	79.45
	November 6, 2001	79.45	
-0.57	November 7, 2001	78.88	
	November 8, 2001	78.88	
-0.90	November 9, 2001	77.98	
	November 10, 2001	77.98	
	November 11, 2001	77.98	
	November 12, 2001	77.98	77.98
	November 13, 2001	77.98	
-0.53	November 14, 2001	77.45	
	November 15, 2001	77.45	
	November 16, 2001	77.45	
	November 17, 2001	77.45	
	November 18, 2001	77.45	
-0.78	November 19, 2001	76.67	76.67
	November 20, 2001	76.67	
-1.10	November 21, 2001	75.57	
-0.77	November 22, 2001	74.80	
-0.59	November 23, 2001	74.21	
	November 24, 2001	74.21	
	November 25, 2001	74.21	
	November 26, 2001	74.21	74.21
-0.50	November 27, 2001	73.71	
	November 28, 2001	73.71	
	November 29, 2001	73.71	
	November 30, 2001	73.71	77.0775
	December 1, 2001	73.71	
	December 2, 2001	73.71	
	December 3, 2001	73.71	73.71
	December 4, 2001	73.71	
-0.50	December 5, 2001	73.21	
	December 6, 2001	73.21	
	December 7, 2001	73.21	
	December 8, 2001	73.21	
	December 9, 2001	73.21	
	December 10, 2001	73.21	73.21
	December 11, 2001	73.21	
-0.59	December 12, 2001	72.62	
	December 13, 2001	72.62	
	December 14, 2001	72.62	

	December 15, 2001	72.62		
	December 16, 2001	72.62		
	December 17, 2001	72.62	72.62	
	December 18, 2001	72.62		
-0.57	December 19, 2001	72.05		
	December 20, 2001	72.05		
0.66	December 21, 2001	72.71		
0.43	December 22, 2001	73.14		
	December 23, 2001	73.14		
	December 24, 2001	73.14	73.14	
	December 25, 2001	73.14		
	December 26, 2001	73.14		
0.36	December 27, 2001	73.50		
	December 28, 2001	73.50		
0.58	December 29, 2001	74.08		
	December 30, 2001	74.08		
	December 31, 2001	74.08	74.08	73.352
0.37	January 1, 2002	74.45		
	January 2, 2002	74.45		
	January 3, 2002	74.45		
	January 4, 2002	74.45		
	January 5, 2002	74.45		
	January 6, 2002	74.45		
	January 7, 2002	74.45	74.45	
	January 8, 2002	74.45		
0.53	January 9, 2002	74.98		
	January 10, 2002	74.98		
	January 11, 2002	74.98		
	January 12, 2002	74.98		
	January 13, 2002	74.98		
	January 14, 2002	74.98	74.98	
	January 15, 2002	74.98		
	January 16, 2002	74.98		
-0.60	January 17, 2002	74.38		
-0.58	January 18, 2002	73.80		
	January 19, 2002	73.80		
	January 20, 2002	73.80		
	January 21, 2002	73.80	73.80	
	January 22, 2002	73.80		
	January 23, 2002	73.80		
-0.52	January 24, 2002	73.28		
	January 25, 2002	73.28		
	January 26, 2002	73.28		
	January 27, 2002	73.28		
	January 28, 2002	73.28	73.28	
	January 29, 2002	73.28		
0.31	January 30, 2002	73.59		
	January 31, 2002	73.59		74.1275
	February 1, 2002	73.59		
	February 2, 2002	73.59		
	February 3, 2002	73.59		
	February 4, 2002	73.59	73.59	
0.47	February 5, 2002	74.06		
	February 6, 2002	74.06		
	February 7, 2002	74.06		
0.33	February 8, 2002	74.39		
	February 9, 2002	74.39		
	February 10, 2002	74.39		
	February 11, 2002	74.39	74.39	

0.30	February 12, 2002	74.69		
	February 13, 2002	74.69		
	February 14, 2002	74.69		
	February 15, 2002	74.69		
0.38	February 16, 2002	75.07		
	February 17, 2002	75.07		
	February 18, 2002	75.07	75.07	
	February 19, 2002	75.07		
	February 20, 2002	75.07		
	February 21, 2002	75.07		
	February 22, 2002	75.07		
	February 23, 2002	75.07		
	February 24, 2002	75.07		
	February 25, 2002	75.07	75.07	
	February 26, 2002	75.07		
	February 27, 2002	75.07		
	February 28, 2002	75.07		74.53
	March 1, 2002	75.07		
	March 2, 2002	75.07		
	March 3, 2002	75.07		
	March 4, 2002	75.07	75.07	
	March 5, 2002	75.07		
	March 6, 2002	75.07		
	March 7, 2002	75.07		
	March 8, 2002	75.07		
0.50	March 9, 2002	75.57		
	March 10, 2002	75.57		
	March 11, 2002	75.57	75.57	
	March 12, 2002	75.57		
0.88	March 13, 2002	76.45		
0.39	March 14, 2002	76.84		
0.55	March 15, 2002	77.39		
0.50	March 16, 2002	77.89		
	March 17, 2002	77.89		
	March 18, 2002	77.89	77.89	
0.34	March 19, 2002	78.23		
	March 20, 2002	78.23		
0.51	March 21, 2002	78.74		
	March 22, 2002	78.74		
	March 23, 2002	78.74		
	March 24, 2002	78.74		
	March 25, 2002	78.74	78.74	
	March 26, 2002	78.74		
	March 27, 2002	78.74		
	March 28, 2002	78.74		
	March 29, 2002	78.74		
	March 30, 2002	78.74		
	March 31, 2002	78.74		76.8175

Weekly Average

4207.07

52.00

80.90519

GST 8.090519

Total 88.99571

		Original	Calculated	Low Sulpher Difference	Low Sulpher Adjusted
	April 1, 2002	78.74	78.74	0.96	79.70

-0.79	May 31, 2002	79.16	79.16	0.96	80.12
	June 1, 2002	79.16	79.16	0.96	80.12
	June 2, 2002	79.16	79.16	0.96	80.12
	June 3, 2002	79.16	79.16	0.96	80.12
	June 4, 2002	79.16	79.16	0.96	80.12
-0.63	June 5, 2002	78.53	78.53	0.96	79.49
	June 6, 2002	78.53	78.53	0.96	79.49
	June 7, 2002	78.53	78.53	0.96	79.49
	June 8, 2002	78.53	78.53	0.96	79.49
	June 9, 2002	78.53	78.53	0.96	79.49
-0.56	June 10, 2002	78.53	78.53	0.96	79.49
	June 11, 2002	78.53	78.53	0.96	79.49
	June 12, 2002	78.53	78.53	0.96	79.49
	June 13, 2002	77.97	77.97	0.96	78.93
	June 14, 2002	77.97	77.97	0.96	78.93
	June 15, 2002	77.97	77.97	0.96	78.93
	June 16, 2002	77.97	77.97	0.96	78.93
	June 17, 2002	77.97	77.97	0.96	78.93
	June 18, 2002	77.97	77.97	0.96	78.93
	June 19, 2002	77.97	77.97	0.96	78.93
	June 20, 2002	77.97	77.97	0.96	78.93
	June 21, 2002	77.97	77.97	0.96	78.93
	June 22, 2002	77.97	77.97	0.96	78.93
	June 23, 2002	77.97	77.97	0.96	78.93
	June 24, 2002	77.97	77.97	0.96	78.93
	June 25, 2002	77.97	77.97	0.96	78.93
	June 26, 2002	77.97	77.97	0.96	78.93
	June 27, 2002	77.97	77.97	0.96	78.93
	June 28, 2002	77.97	77.97	0.96	78.93
	June 29, 2002	77.97	77.97	0.96	78.93
	June 30, 2002	77.97	77.97	0.96	78.93
	July 1, 2002	77.97	77.97	0.96	78.93
	July 2, 2002	77.97	77.97	0.96	78.93
	July 3, 2002	77.97	77.97	0.96	78.93
	July 4, 2002	77.97	77.97	0.96	78.93
0.54	July 5, 2002	78.51	78.51	0.96	79.47
	July 6, 2002	78.51	78.51	0.96	79.47
	July 7, 2002	78.51	78.51	0.96	79.47
	July 8, 2002	78.51	78.51	0.96	79.47
	July 9, 2002	78.51	78.51	0.96	79.47
0.40	July 10, 2002	78.91	78.91	0.96	79.87
	July 11, 2002	78.91	78.91	0.96	79.87
	July 12, 2002	78.91	78.91	0.96	79.87
	July 13, 2002	78.91	78.91	0.96	79.87
	July 14, 2002	78.91	78.91	0.96	79.87
	July 15, 2002	78.91	78.91	0.96	79.87
	July 16, 2002	78.91	78.91	0.96	79.87
	July 17, 2002	78.91	78.91	0.96	79.87
	July 18, 2002	78.91	78.91	0.96	79.87
	July 19, 2002	78.91	78.91	0.96	79.87
0.54	July 20, 2002	79.45	79.45	0.96	80.41
	July 21, 2002	79.45	79.45	0.96	80.41
	July 22, 2002	79.45	79.45	0.96	80.41
	July 23, 2002	79.45	79.45	0.96	80.41
0.38	July 24, 2002	79.83	79.83	0.96	80.79
	July 25, 2002	79.83	79.83	0.96	80.79
	July 26, 2002	79.83	79.83	0.96	80.79
0.33	July 27, 2002	80.16	80.16	0.96	81.12
	July 28, 2002	80.16	80.16	0.96	81.12

0.36	July 29, 2002	80.16	80.16	0.96	81.12
	July 30, 2002	80.16	80.16	0.96	81.12
	July 31, 2002	80.16	80.16	0.96	81.12
	August 1, 2002	80.16	80.16	0.96	81.12
	August 2, 2002	80.52	80.52	0.96	81.48
	August 3, 2002	80.52	80.52	0.96	81.48
	August 4, 2002	80.52	80.52	0.96	81.48
	August 5, 2002	80.52	80.52	0.96	81.48
	August 6, 2002	80.52	80.52	0.96	81.48
	August 7, 2002	80.52	80.52	0.96	81.48
	August 8, 2002	80.52	80.52	0.96	81.48
	August 9, 2002	80.52	80.52	0.96	81.48
	August 10, 2002	80.52	80.52	0.96	81.48
	August 11, 2002	80.52	80.52	0.96	81.48
	August 12, 2002	80.52	80.52	0.96	81.48
	August 13, 2002	80.02	80.02	0.96	80.98
	August 14, 2002	80.02	80.02	0.96	80.98
	August 15, 2002	80.02	80.02	0.96	80.98
	August 16, 2002	80.02	80.02	0.96	80.98
	August 17, 2002	80.02	80.02	0.96	80.98
	August 18, 2002	80.02	80.02	0.96	80.98
	August 19, 2002	80.02	80.02	0.96	80.98
	August 20, 2002	80.48	80.48	0.96	81.44
	August 21, 2002	80.84	80.84	0.96	81.80
	August 22, 2002	81.27	81.27	0.96	82.23
	August 23, 2002	81.27	81.27	0.96	82.23
	August 24, 2002	81.71	81.71	0.96	82.67
	August 25, 2002	81.71	81.71	0.96	82.67
	August 26, 2002	81.71	81.71	0.96	82.67
	August 27, 2002	81.71	81.71	0.96	82.67
	August 28, 2002	81.71	81.71	0.96	82.67
	August 29, 2002	81.71	81.71	0.96	82.67
	August 30, 2002	81.71	81.71	0.96	82.67
	August 31, 2002	81.71	81.71	0.96	82.67
	September 1, 2002	81.71	81.71	0.96	82.67
	September 2, 2002	81.71	81.71	0.96	82.67
	September 3, 2002	81.71	81.71	0.96	82.67
	September 4, 2002	81.71	81.71	0.96	82.67
	September 5, 2002	81.71	81.71	0.96	82.67
	September 6, 2002	81.71	81.71	0.96	82.67
	September 7, 2002	81.71	81.71	0.96	82.67
	September 8, 2002	81.71	81.71	0.96	82.67
	September 9, 2002	81.71	81.71	0.96	82.67
	September 10, 2002	82.41	82.41	0.96	83.37
	September 11, 2002	82.73	82.73	0.96	83.69
	September 12, 2002	83.16	83.16	0.96	84.12
	September 13, 2002	83.16	83.16	0.96	84.12
	September 14, 2002	83.71	83.71	0.96	84.67
	September 15, 2002	83.71	83.71	0.96	84.67
	September 16, 2002	83.71	83.71	0.96	84.67
	September 17, 2002	83.71	83.71	0.96	84.67
	September 18, 2002	83.71	83.71	0.96	84.67
	September 19, 2002	83.71	83.71	0.96	84.67
	September 20, 2002	83.71	83.71	0.96	84.67
	September 21, 2002	83.71	83.71	0.96	84.67
	September 22, 2002	83.71	83.71	0.96	84.67
	September 23, 2002	83.71	83.71	0.96	84.67
	September 24, 2002	83.71	83.71	0.96	84.67
	September 25, 2002	83.71	83.71	0.96	84.67

0.52	September 26, 2002	84.23	84.23	0.96	85.19
	September 27, 2002	84.23	84.23	0.96	85.19
0.35	September 28, 2002	84.58	84.58	0.96	85.54
	September 29, 2002	84.58	84.58	0.96	85.54
	September 30, 2002	84.58	84.58	0.96	85.54
	October 1, 2002	84.58	84.58	0.96	85.54
0.34	October 2, 2002	84.92	84.92	0.96	85.88
	October 3, 2002	84.92	84.92	0.96	85.88
0.37	October 4, 2002	85.29	85.29	0.96	86.25
	October 5, 2002	85.29	85.29	0.96	86.25
	October 6, 2002	85.29	85.29	0.96	86.25
	October 7, 2002	85.29	85.29	0.96	86.25
	October 8, 2002	85.29	85.29	0.96	86.25
0.66	October 9, 2002	85.95	85.95	0.96	86.91
	October 10, 2002	85.95	85.95	0.96	86.91
0.33	October 11, 2002	86.28	86.28	0.96	87.24
	October 12, 2002	86.28	86.28	0.96	87.24
	October 13, 2002	86.28	86.28	0.96	87.24
	October 14, 2002	86.28	86.28	0.96	87.24
	October 15, 2002	86.28	86.28	0.96	87.24
	October 16, 2002	86.28	86.28	0.96	87.24
	October 17, 2002	86.28	86.28	0.96	87.24
	October 18, 2002	86.28	86.28	0.96	87.24
	October 19, 2002	86.28	86.28	0.96	87.24
	October 20, 2002	86.28	86.28	0.96	87.24
	October 21, 2002	86.28	86.28	0.96	87.24
	October 22, 2002	86.28	86.28	0.96	87.24
	October 23, 2002	86.28	86.28	0.96	87.24
	October 24, 2002	86.28	86.28	0.96	87.24
-0.63	October 25, 2002	85.65	85.65	0.96	86.61
	October 26, 2002	85.65	85.65	0.96	86.61
	October 27, 2002	85.65	85.65	0.96	86.61
	October 28, 2002	85.65	85.65	0.96	86.61
-0.68	October 29, 2002	84.97	84.97	0.96	85.93
	October 30, 2002	84.97	84.97	0.96	85.93
-0.72	October 31, 2002	84.25	84.25	0.96	85.21
	November 1, 2002	84.25	84.25	0.96	85.21
	November 2, 2002	84.25	84.25	0.96	85.21
	November 3, 2002	84.25	84.25	0.96	85.21
	November 4, 2002	84.25	84.25	0.96	85.21
	November 5, 2002	84.25	84.25	0.96	85.21
	November 6, 2002	84.25	84.25	0.96	85.21
	November 7, 2002	84.25	84.25	0.96	85.21
-0.74	November 8, 2002	83.51	83.51	0.96	84.47
	November 9, 2002	83.51	83.51	0.96	84.47
	November 10, 2002	83.51	83.51	0.96	84.47
	November 11, 2002	83.51	83.51	0.96	84.47
-0.99	November 12, 2002	82.52	82.52	0.96	83.48
-0.82	November 13, 2002	81.70	81.70	0.96	82.66
-0.53	November 14, 2002	81.17	81.17	0.96	82.13
-0.64	November 15, 2002	80.53	80.53	0.96	81.49
-0.67	November 16, 2002	79.86	79.86	0.96	80.82
	November 17, 2002	79.86	79.86	0.96	80.82
	November 18, 2002	79.86	79.86	0.96	80.82
	November 19, 2002	79.86	79.86	0.96	80.82
-0.92	November 20, 2002	78.94	78.94	0.96	79.90
	November 21, 2002	78.94	78.94	0.96	79.90
	November 22, 2002	78.94	78.94	0.96	79.90
0.48	November 23, 2002	79.42	79.42	0.96	80.38

0.68 0.36 0.35	November 24, 2002	79.42	79.42	0.96	80.38
	November 25, 2002	79.42	79.42	0.96	80.38
	November 26, 2002	79.42	79.42	0.96	80.38
	November 27, 2002	80.10	80.10	0.96	81.06
	November 28, 2002	80.46	80.46	0.96	81.42
	November 29, 2002	80.81	80.81	0.96	81.77
	November 30, 2002	80.81	80.81	0.96	81.77
	December 1, 2002	81.37	80.81	0.56	81.37
	December 2, 2002	81.37	80.81	0.56	81.37
	December 3, 2002	81.37	80.81	0.56	81.37
	December 4, 2002	81.37	80.81	0.56	81.37
	December 5, 2002	81.37	80.81	0.56	81.37
	December 6, 2002	81.37	80.81	0.56	81.37
	December 7, 2002	81.37	80.81	0.56	81.37
	December 8, 2002	81.37	80.81	0.56	81.37
	December 9, 2002	81.37	80.81	0.56	81.37
	December 10, 2002	81.37	80.81	0.56	81.37
	December 11, 2002	81.37	80.81	0.56	81.37
	December 12, 2002	81.37	80.81	0.56	81.37
	December 13, 2002	81.37	80.81	0.56	81.37
	December 14, 2002	81.37	80.81	0.56	81.37
	December 15, 2002	81.37	80.81	0.56	81.37
	December 16, 2002	81.37	80.81	0.56	81.37
	December 17, 2002	81.37	80.81	0.56	81.37
	December 18, 2002	81.84	81.28	0.56	81.84
	December 19, 2002	82.27	81.71	0.56	82.27
	December 20, 2002	82.62	82.06	0.56	82.62
	December 21, 2002	83.24	82.68	0.56	83.24
	December 22, 2002	83.24	82.68	0.56	83.24
	December 23, 2002	83.24	82.68	0.56	83.24
	December 24, 2002	83.66	83.10	0.56	83.66
	December 25, 2002	84.21	83.65	0.56	84.21
	December 26, 2002	84.21	83.65	0.56	84.21
	December 27, 2002	84.21	83.65	0.56	84.21
	December 28, 2002	84.73	84.17	0.56	84.73
	December 29, 2002	84.73	84.17	0.56	84.73
	December 30, 2002	84.73	84.17	0.56	84.73
	December 31, 2002	85.17	84.61	0.56	85.17
0.47 0.43 0.35 0.62 0.42 0.55 0.52 0.44 0.35 -0.61 -0.52 0.32	January 1, 2003	85.95	84.96	0.99	85.95
	January 2, 2003	85.95	84.96	0.99	85.95
	January 3, 2003	85.95	84.96	0.99	85.95
	January 4, 2003	85.95	84.96	0.99	85.95
	January 5, 2003	85.95	84.96	0.99	85.95
	January 6, 2003	85.95	84.96	0.99	85.95
	January 7, 2003	85.95	84.96	0.99	85.95
	January 8, 2003	85.95	84.96	0.99	85.95
	January 9, 2003	85.95	84.96	0.99	85.95
	January 10, 2003	85.34	84.35	0.99	85.34
	January 11, 2003	85.34	84.35	0.99	85.34
	January 12, 2003	85.34	84.35	0.99	85.34
	January 13, 2003	85.34	84.35	0.99	85.34
	January 14, 2003	84.82	83.83	0.99	84.82
	January 15, 2003	84.82	83.83	0.99	84.82
	January 16, 2003	84.82	83.83	0.99	84.82
	January 17, 2003	84.82	83.83	0.99	84.82
	January 18, 2003	84.82	83.83	0.99	84.82
	January 19, 2003	84.82	83.83	0.99	84.82
	January 20, 2003	84.82	83.83	0.99	84.82
	January 21, 2003	85.14	84.15	0.99	85.14

0.37	January 22, 2003	85.14	84.15	0.99	85.14
	January 23, 2003	85.51	84.52	0.99	85.51
0.46	January 24, 2003	85.51	84.52	0.99	85.51
	January 25, 2003	85.97	84.98	0.99	85.97
	January 26, 2003	85.97	84.98	0.99	85.97
	January 27, 2003	85.97	84.98	0.99	85.97
	January 28, 2003	85.97	84.98	0.99	85.97
	January 29, 2003	85.97	84.98	0.99	85.97
	January 30, 2003	85.97	84.98	0.99	85.97
	January 31, 2003	85.97	84.98	0.99	85.97
	February 1, 2003	85.90	84.98	0.92	85.90
	February 2, 2003	85.90	84.98	0.92	85.90
	February 3, 2003	85.90	84.98	0.92	85.90
	February 4, 2003	85.90	84.98	0.92	85.90
0.33	February 5, 2003	86.23	85.31	0.92	86.23
	February 6, 2003	86.23	85.31	0.92	86.23
	February 7, 2003	86.23	85.31	0.92	86.23
	February 8, 2003	86.87	85.95	0.92	86.87
0.64	February 9, 2003	86.87	85.95	0.92	86.87
	February 10, 2003	86.87	85.95	0.92	86.87
0.57	February 11, 2003	87.44	86.52	0.92	87.44
1.05	February 12, 2003	88.49	87.57	0.92	88.49
0.70	February 13, 2003	89.19	88.27	0.92	89.19
0.69	February 14, 2003	89.88	88.96	0.92	89.88
0.78	February 15, 2003	90.66	89.74	0.92	90.66
	February 16, 2003	90.66	89.74	0.92	90.66
	February 17, 2003	90.66	89.74	0.92	90.66
	February 18, 2003	91.13	90.21	0.92	91.13
0.47	February 19, 2003	91.71	90.79	0.92	91.71
0.58	February 20, 2003	91.71	90.79	0.92	91.71
-0.57	February 21, 2003	91.14	90.22	0.92	91.14
	February 22, 2003	91.14	90.22	0.92	91.14
	February 23, 2003	91.14	90.22	0.92	91.14
	February 24, 2003	91.14	90.22	0.92	91.14
	February 25, 2003	91.14	90.22	0.92	91.14
	February 26, 2003	90.45	89.53	0.92	90.45
-0.69	February 27, 2003	90.45	89.53	0.92	90.45
	February 28, 2003	90.45	89.53	0.92	90.45
0.41	March 1, 2003	90.90	89.94	0.96	90.90
	March 2, 2003	90.90	89.94	0.96	90.90
	March 3, 2003	90.90	89.94	0.96	90.90
	March 4, 2003	90.90	89.94	0.96	90.90
	March 5, 2003	90.90	89.94	0.96	90.90
	March 6, 2003	90.90	89.94	0.96	90.90
	March 7, 2003	90.90	89.94	0.96	90.90
	March 8, 2003	90.90	89.94	0.96	90.90
	March 9, 2003	90.90	89.94	0.96	90.90
	March 10, 2003	90.90	89.94	0.96	90.90
	March 11, 2003	90.90	89.94	0.96	90.90
	March 12, 2003	90.90	89.94	0.96	90.90
	March 13, 2003	90.90	89.94	0.96	90.90
	March 14, 2003	91.34	90.38	0.96	91.34
0.44	March 15, 2003	91.34	90.38	0.96	91.34
	March 16, 2003	91.34	90.38	0.96	91.34
	March 17, 2003	91.34	90.38	0.96	91.34
	March 18, 2003	91.34	90.38	0.96	91.34
	March 19, 2003	91.34	90.38	0.96	91.34
	March 20, 2003	91.34	90.38	0.96	91.34
-1.22	March 21, 2003	90.12	89.16	0.96	90.12

-0.71	March 22, 2003	89.41	88.45	0.96	89.41
	March 23, 2003	89.41	88.45	0.96	89.41
	March 24, 2003	89.41	88.45	0.96	89.41
-1.03	March 25, 2003	88.38	87.42	0.96	88.38
-1.30	March 26, 2003	87.08	86.12	0.96	87.08
-1.06	March 27, 2003	86.02	85.06	0.96	86.02
-1.11	March 28, 2003	84.91	83.95	0.96	84.91
-0.59	March 29, 2003	84.32	83.36	0.96	84.32
	March 30, 2003	84.32	83.36	0.96	84.32
	March 31, 2003	84.32	83.36	0.96	84.32

	30274.40	30170.83	86.21	30508.12
	365.00	365.00	90.00	365.00
	82.94	82.66	0.96	83.58
GST	8.29	8.27	0.10	8.36
Total	91.24	90.93	1.05	91.94

Average extra for Low Sulphur