

# **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**

**April 02**

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## **Attachments**

1. Bus Industry Cost Index – Fare Application 2002
2. Non-Commercial Contracts Required Revenue Model - 2002
3. 2001/2002 Fare Schedules (Existing)
4. Bus Industry Confederation – Submission to Fuel Tax Inquiry
5. Customer Service Charter

## **1. Executive Summary**

In this submission the Bus & Coach Association (BCA) representing the NSW private bus industry has responded to the issues raised by IPART. The issues paper was constructed by IPART in consultation with Transport NSW and is directly related to Transport NSW Bus Reform agenda.

Attached to this submission is an application for a fare increase of 4.18% (plus an ANTS adjustment of 1.85%) and a separate increase in rates of payment for dedicated school buses (Non-Commercial Contracts). The fare increase will set new maximum fares with most operators discounting fares for longer trips and different ticket products.

This submission shows that the industry efficiency and cost profile justifies the increase requested to the maximum chargeable benchmark fares

In addition to responding to the issues raised the BCA submits the following:-

- the need for the Government to face a number of transport policy issues, such as car parking, bus priority and road tolls to reverse the trend for people to increasingly take the car rather than public transport.
- the issues paper does not provide well balanced comments on the issues raised and this has been discussed in this submission
- the issues paper fails to acknowledge that the cost index approach is a consequence of the low cost, low government risk model designed by the NSW Government and embodied in the current Public Transport Act to be in the best public interest.
- analysis of the Key Performance Indicators and comparisons with the STA for the private bus industry indicate a very efficient and cost effective service is being provided, despite a number of external impediments and low profitability
- the BCA calls for a return to the partnership approach to service development, the introduction of PAR and an increase in Transport NSW resources for audit/compliance work.
- growing inequities between passengers who live in the Western Suburbs, Wollongong and Central Coast with those who use STA services need to be rectified.

This industry's priorities remain providing passengers with the best possible balance between services that are reliable, regular, comfortable, safe and affordable.

## **2. Introduction**

The Bus and Coach Association (BCA) welcomes the opportunity to make this submission to the Independent Pricing and Regulatory Tribunal (IPART). The BCA strongly supports the involvement of IPART in the fare setting process as an opportunity to remedy a number of material deficiencies in the process 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, Transport NSW<sup>1</sup> and the existing approach to fare setting complies with the Act.

It is further noted that the decision by Transport NSW to ask IPART for advice represents a significant change of policy.

The current Transport Act and Contracts are designed to facilitate a partnership between the NSW Government and the Bus Industry in a cooperative approach to service development and regulations. BCA has formed the view that this departure from the previous policy reflects the diminished expertise and resources within Transport NSW to regulate the bus industry.

The current fare setting system is intended to provide certainty in cost recovery and a fair profit margin. It is also predicated on a strong audit/compliance program and a partnership approach to service delivery to validate efficiency and quality. The BCA does not anticipate that the involvement of IPART in the fare setting process will result in a prescriptive approach or a departure from this existing framework.

This submission follows the general format of the IPART Issues Paper dated 21<sup>st</sup> February 2002 and responds to those matters which IPART has specifically invited comment as well as a number of industry specific matters.

All supporting material, attachments and calculations for the current fare increase application and the proposed new rate of payment for non-commercial contracts are contained in separate Attachments.

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<sup>1</sup> Section 19 NSW Passenger Transport Act 1990

### **3. Industry Characteristics**

#### **3.1 Unique Diversity**

The IPART issues paper 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)
- 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 issues paper is only really relevant to the first two dot points.

#### **3.2 Accreditation**

The Private bus and coach industry has an accreditation program as a precondition of entry to the industry. Section 7 of the Act<sup>2</sup> sets out the accreditation process and makes it an offence to operate regular bus services without accreditation.

Each business that operates a regular passenger service must have a designated manager who has completed a specified qualification (Certificate of Transport Management - CTM). The Certificate is designed to ensure that the bus services are provided in accordance with the Act, regulations and contract.

The BCA has formed a partnership with Sydney University who conduct the CTM course and to date approximately 1500 people have successfully completed the course. The course material is constantly updated to reflect the increased responsibilities that are needed to operate bus services in NSW.

As needed the Government also issues new accreditation Bulletins. They cover any new aspects of policy and procedures including:

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<sup>2</sup> NSW Passenger Transport Act 1990

- Accident notification procedures
- Driving hours requirements
- Revised safety initiatives.

Prior to recent reorganisations within Transport NSW, BCA and Transport NSW cooperated on the development of business rules that assisted Transport NSW and BCA to maintain consistency of policy implementation. These rules formed the bus operators' understanding of the contract conditions when they entered into a contract with Transport NSW.

This co-operative approach to accreditation and jointly developed business rules gave ownership to both the industry and Transport NSW and ensured that appropriate standards and procedures would apply.

### **3.3 *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 report<sup>3</sup> 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.

### **3.4 *Bus Industry Statistics***

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

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<sup>3</sup> KPMG Industry Financial Performance February 2000

### Industry Characteristics

Industry Statistics	Private Bus Operators	STA
Owners	Approx. 1900	1
Commercial Contracts	195	23
Non-Commercial Contracts	1800	-
Service Areas	Entire state NSW including Sydney metropolitan, Urban fringe and country	Sydney and Newcastle CBD with services to the northern beaches and Parramatta
Geographic/Demographic diversity	Wide range across the state including sparsely populated areas. Limits the opportunities for economies of scale	Narrow range of densely populated areas. Provides maximum opportunity for economies of scale.
Size of fleet	Approximately 6500 vehicles. Of these 2400 in service the outer suburbs of Sydney	Approximately 2400 vehicles
Approximate number of employees	8000 drivers	3230 drivers

**Source: BCA Research**

## **4. Regulatory Framework**

### **4.1 Existing Legislation**

The IPART issues paper gives a brief overview of the existing regulatory framework, but does not touch on the rationale, history or performance of that framework, which are important for assessing fare applications.

The Bus and Coach industry in NSW operates under the Passenger Transport Act 1990 (The Act). This act reformed the 1935 legislation and changed the essential economic concept of transport in NSW.

The Act was amended in 1996 to introduce a Performance Assessment Regime (PAR) as a contestable benchmark in response to National Competition policy but to date PAR has not been implemented.

Prior to 1990, bus services were operated under the authority of Condition Documents with each route being individually licensed. The operation of the system was cumbersome and required a lot of administration. It was difficult to introduce changes to meet passenger demands because of the restrictive nature of the operating conditions, which, through design, required the regulating authority to be concerned with the threat of competition more than with the delivery of attractive services to the travelling public. Also, the fare structures were not consistent and differed from operator to operator.

Since 1990 Regular Passenger Bus Services in NSW have been operated under the authority of Performance Based Commercial and Non-Commercial Service Contracts entered into with Transport NSW. The contracts require operators to provide bus services in accordance with the terms and conditions of the Passenger Transport Act 1990.

### **4.2 Partnership with Government**

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.

Existing Bus operators were offered five-year performance based contracts. These contracts required operators, amongst other things, to provide minimum service levels at a predetermined fare scale. The fares adopted were representative of an average level at the time prevailing in the industry and applied to journeys based on set standard section lengths. The contracts would be renewed if the operators' performance was satisfactory.

The Act states the basis on which fares are to be set and stipulates “due allowance must be made for inflationary movements in the cost of providing the services.” It was determined by Government that a cost index approach would best facilitate this requirement. The cost index approach was formulated on the understanding that adequate data collection and an audit/compliance program would manage the service quality aspects of industry performance.

In return for assurances that fares would reflect industry cost increases, the BCA acknowledged the need for a strong audit/compliance and reporting mechanism (later enhanced into a Performance Assessment Regime), and the operator responsibility of accepting the financial risks.

#### **4.3 Industry Achievements**

The existing framework strikes a balance whereby in return for certain exclusive rights the operators take all the commercial risk. It has been a success and the industry is proud of its achievements. 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
- Service levels well 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.

All of 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 came with a reduction in SSTS rates.

#### **4.4 Regulatory Deficiencies**

The issues paper discusses the relationship between receiving cost increases and achieving efficiencies. The BCA continues to achieve service development and improve performance whereas the regulator’s expertise and resources have diminished.

The private bus operators continue to meet their contractual requirements and believe Transport NSW has not met its commitment to data collection, performance assessment nor effective audit and compliance. Overall the private bus industry has been able to ensure compliance with the Act. The threat of contract termination for poor performance has had a major impact on overall service quality within the industry.

The BCA calls for a return to the partnership approach to service development, the introduction of PAR and an increase in Transport NSW resources for purposes of audit/compliance.

## **5. Approaches to Price Regulation**

### **5.1 Existing Approach**

#### **Commercial fares**

The determination of commercial private bus operator fares is the legislative responsibility of the Director General Transport NSW<sup>4</sup> 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 a 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. A summary of the weightings of the main cost items for the 2002 application is as follows:

Bus Capital Costs	14.98%
People Costs	50.49%
Insurance & Registration	3.2%
Fuel	11.63%
Repairs & Maintenance	5.33%
All Other Costs	14.37%

Transport NSW 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.

In recent years a joint working party (BCA/Transport NSW) has previously updated the figures in the Cost Index before it was submitted to the Director General for consideration. In this way there was ownership in the process by the regulator and the industry, and no surprises with regard to appropriate fare increases.

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 applies. [See Attachment 3 for copy of the existing fare schedules].

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<sup>4</sup> Section 19 NSW Passenger Transport Act 1990

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.

In the short term, the issues that IPART raised in 2001 have now been addressed in the 2002 applications, but longer term the BCA acknowledges the existing approach to setting fares is due for review and has been seeking further information on NSW Government policy objectives on community service obligations and revenue profit/risk.

The present cost index system is now 5 years old and does not adequately addresses all the current costs being experienced by the industry. These costs are largely the result of new government legislation and worsening road congestion after the index was implemented and include costs associated with:

- 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 (ie. disabled accessibility) etc.

The current system envisaged that such additional costs and any efficiency gains would be managed by a partnership approach to service delivery, between the operator and the regulator and addressed at the next review (5 year). A negotiated outcome was anticipated.

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.

In 1999 the industry gave notice to the NSW Government that it was no longer able to absorb these cost increases through reducing margins or efficiency gains (KPMG Report) and requested the agreed fifth year review of the BICI Index include the need to address all costs (through a new survey and re-categorisation if necessary). This message was repeated in submissions relating to the introduction of a Performance Assessment Regime (PAR).

These pressures have been occurring at the same time Transport NSW was undergoing major restructuring which has meant that PAR was not finalised, nor the Cost Index methodology reviewed. Now Transport NSW are focussing on Bus Reform rather than

PAR.. What the industry still needs is a period of regulator stability and confidence to invest.

The existing approach to setting fares has also seen delays to the introduction of the increase beyond the twelve monthly adjustment period agreed upon. This delay, together with the fact that most of the cost items are monitored over the recent year for the new year, put additional revenue/and cost pressures on the private bus operator.

The BCA has under the present system already embraced major new training initiatives and student safety programs, which are all occurring under the “Existing Approach.”

### **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 Transport NSW. 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 are calculated using a financial model developed by PricewaterhouseCooper (PWC) commissioned and jointly agreed to by Transport NSW 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 of Non-Commercial Contracts reported an extremely high level of services operate reliably and on time.

The PWC Model is simple and only requires an annual update. The bus operator is reimbursed an amount dependant upon the size of the bus, the number of hours operated per day and the distance travelled. The costs are determined by reference to cost categories, depreciation, 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).

The BCA has previously agreed that the existing methodology for establishing the rate of payment for non-commercial contracts should be subject to revision every 5 years. The BCA believe that this revision should take place at the same time as methodology for setting commercial fares is reviewed.

The last industry cost survey was carried out in 1996 and it was agreed that there would be a review in 2001. The delay in this process has been out of the private bus industry's control.

IPART has made a number of comments on the treatment of diesel fuel costs, the rate of return on investment, bus insurance and depreciation rates used in the model. The industry shares a number of these concerns that have now been addressed in the 2002

model. The BCA believes that over the last few years the payments to operators do not provide an appropriate return on investment given the nature of the contract (ie. particularly relating to bus replacement, contract tenure and increased operator administration and costs outside the index), and hence were looking forward to the 2001 review.

## **5.2 Cost Index Approach**

The IPART issues paper discusses the application of cost indices to fare setting under the general headings of advantages and disadvantages. The discussion paper clearly focuses on the disadvantages and conveys the view that the cost index approach is highly deficient.

The BCA would expect that the issue of fare setting methodology should be addressed in a balanced manner. The issues paper discussion is deficient, as it does not address the benefits of the cost index approach, nor does it address the industry specific difficulties associated with the alternatives.

The benefits 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.

### **Industry Performance Data**

The issues paper identifies a perceived lack of recognition of industry revenue/return or efficiencies. The discussion is somewhat simplistic inasmuch as it fails to recognise that unlike the STA, the private bus industry is not one accounting entity, but thousands of individual businesses. Occasionally these are not solely devoted to route bus services (ie. business could have different income streams, like travel agents, charter services and interstate operations).

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.

IPART should be aware that the Director General has authority under the existing Act to request this data, but despite a push from the BCA for data collection and co-operation with the Travel Data Centre, has not elected to do so.

The BCA has taken the initiative in commissioning a number of industry surveys and remains willing to cooperate in the collection of whatever reasonable data the NSW Government require.

Finally, the issues paper discussion fails to acknowledge that the cost index approach to fare setting was to be recalibrated on a periodic basis and the regulator would drive such recalibration process. The most recent recalibration was planned about the time Transport NSW abandoned the partnership approach to agreeing the content of the cost index on an annual basis.

## **Benefits to Government**

The BCA contends that if the model for setting fares and subsidies for the STA were used for all commercial bus contracts, there would be a significant additional cost to taxpayers. The issues paper fails to acknowledge that the cost index approach is a consequence of the low cost, low government risk model designed by the NSW Government and embodied in the current Act to be in the best public interest.

### **5.3 Alternate Approaches**

The IPART issues paper indicated that the Tribunal invites comments on the application of fare settings approaches to the private bus and the reasonableness of individual cost items that are currently included in the fare setting approaches. The BCA has addressed the reasonableness of the individual cost items in Attachment 1 to this report but would comment as follows on the application of fare setting approaches.

The NSW Government currently contracts bus services from both the public and private sector with significant differences in funding, and hence, fare setting mechanisms between the private and public operator.

The BCA is of the view that the present arrangement of having two different funding regimes (one for government services and one for private services) is not sustainable. It promotes passenger inequities that will be politically unsustainable.

Further, the BCA believes that the model for delivery of urban bus services should be the same for both public and private operators in that the fares for the passenger should be equitable. If the NSW Government wants to subsidise one operator more than another for whatever reason the process should be transparent.

The BCA is considering models to allow such equity and still maintain government flexibility (eg the model would need to optimise the performance of public transport in meeting urban passenger requirements, and reducing the external costs of public transport). One option is to use remuneration systems that separately rewards service providers with respect to:

- The CSO obligations of Government in urban public transport service provision, at efficient cost levels (achieved through benchmarking), and;
- An incentive component related to the public transport user benefits and additional external benefits from attracting passengers from private cars to public transport.

Stakeholders should be informed that the NSW Government recognises that fares are just one component of the contract system and has commissioned a consultant to advise on the various bus contract models that could be considered. The decision on which is the best contract model is largely driven by Government objectives/risk profile but in any alternate approach the BCA seeks a rate of return commensurate with risk and performance.

Alternative approaches are very much dependant on the NSW Government policy objectives which at present, are too broadly expressed (ie grow patronage).

## **5.4 Protection of Consumers**

The IPART issues paper indicated that the Tribunal invites comments on the level of regulation required to properly protect abuses of monopoly power and the level of competition in the private bus industry. A monopoly is taken to mean exclusive control of a commodity or service in a particular market or a control that makes possible the manipulation of prices. Clearly this does not apply to the private bus industry.

The BCA comments as follows on both the issues raised by IPART under consumer protection.

### **Level of Regulation**

The BCA contends that the private bus industry structure under the existing Transport Act does not convey a monopoly power of the type that is discussed in the issues paper.

The general structure of the Act<sup>5</sup> delivers to Bus operators certain exclusive rights in return for a range of obligations. Monopoly power is not a reasonable description of a process that allocates exclusive rights to contract holders in return for a service provision and acceptance of a risk profile that keeps cost to NSW Government as low as possible.

The exclusivity is encumbered by a series of performance parameters that were designed to deliver the best value for money for the rights given and certain reimbursement payments. These parameters include requirements for:

- Maintenance of service levels above those contracted
- Maintenance of a fleet average age below a contracted level
- Maintenance an accreditation status that convey responsibility for:
  - Management System
  - Driver Monitoring/Complaints Process
  - Vehicle Maintenance etc
- The operator accepting the fare box risk, and reduce cost to Government.

The Act provides a level of regulation to ensure compliance by the private bus operators. Audits are expected to be conducted on the basis of at least once during the five-year life of the contract.

At present Transport NSW fails to adequately perform audit and compliance programs commensurate with its responsibilities. Contracts performance data currently available to the regulator is not used for assessing value (eg. changes to timetables).

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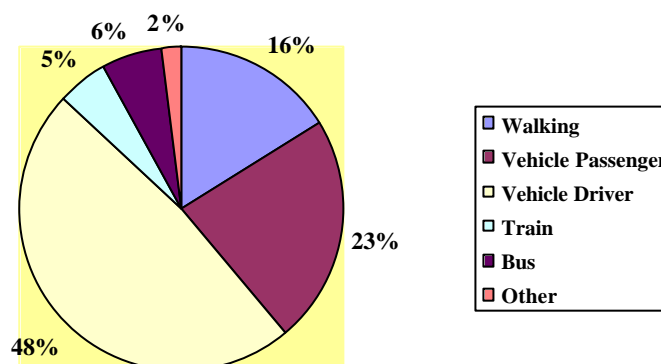
<sup>5</sup> NSW Passenger Transport Act 1990 Sections 21& 23

### Level of competition

The bus industry captures 6%<sup>6</sup> model share of the total passenger transport market and experiences strong competition from alternate methods of transport. This is hardly the makings of a Monopoly. The major competitor is the motor vehicle that has a significantly greater impact on social costs than bus travel. Competition also occurs from other rail, hire car, taxi cycle, and walking.

The following table demonstrates the transport task by mode of an average weekday and highlights the weaknesses of monopoly claims.

Passenger Trips Average Week Days



Source: Transport Data Centre Bus Users in Sydney

What level of competition is desirable within the contract area? Exclusive rights within a contract area give the bus operator some assurance to invest in long-term service development. Without the exclusivity and contract renewal provisions investment would only occur in short term profitable routes. This alternative is not considered to be in the long-term public interest.

Federal and State Governments have so far failed to introduce adequate incentives to achieve the necessary modal shift towards public transport (eg. taxation and parking policy). Local government planning in general does not adequately support public transport and makes competing with the car even more difficult.

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<sup>6</sup> Transport Data Centre Bus Users in Sydney 1998

Most of the following factors that influence the overall level of patronage are outside private bus industry control:

- Road congestion and lack of bus priority
- Parking policy
- Government reimbursement policy and patronage equity that disadvantages passengers on private services (eg. Pensioner Excursion Ticket)
- Urban planning shortcomings
- Taxation policy that affects prices, fuel and FBT that favours motor vehicles use.

Addressing these issues to encourage the use of public transport will have major social and economic benefits to the community.

Sydney metropolitan bus patronage has been declining since the Sydney Olympics<sup>7</sup> and this is largely as a result of the widening pricing gap between diesel fuels and petrol and the lack of bus priority measures. The decline is in spite of the efforts by some operators to increase patronage through increases in service levels and new services to the city.

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<sup>7</sup> BCA Member Survey 2002

## **6. *Fares Levels and Structure***

Private operators expect to receive revenue from fares that recovers all costs of delivering the service and earns a return on capital and profit levels consistent with the industry risk. The choice of fare structures and ticket products can be used to increase patrons on the services as long as the revenue contribution exceeds the cost of the discounts over time.

The failure by IPART to recognise this fundamental commercial relationship between the revenue contribution and the cost of delivering that service is of concern to the BCA. The overall profitability of the private bus industry often limits its ability to invest in enhancing services.

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 patronized route services such as those late at night and on weekends.

### **6.1 *Existing Fare Structures***

Existing fare structures provide for four basic fare schedules (ie. 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. [See Attachment 3 for copy of the existing fare schedules].

The range of tickets on offer varies from operator to operator and the ability to discount fares without affecting profitability. Despite the lack of incentive to introduce fare discounts and ticket products a number of operators have introduced measures to try and meet their customer needs. These fare products are summarised in the table below.

#### Example of Fare Products

Bus Operator	Discounted Products
Busways	Busplus all depots, Wonderlink from Blacktown.
Westbus	M2 weekly tickets, Beach Bus return tickets (summer months from Hills District).
Forest Coaches	Faresaver*
Shorelink	Faresaver*
Dubbo Coaches	Faresaver*
Port Stephens	Bay rover, Bay explorer, return and weekly tickets
Kirklands	Semester University tickets, TAFE weekly and term passes, weekly tickets
Orange Coaches	Term and weekly tickets
Tamworth Coaches	Term and weekly tickets
Other Operators	Most passes and return tickets
* Smartcards deliver savings of approximately 10%	

Source: BCA industry survey

Private bus operators also discount extensively the fares for trips longer than eight sections. Approximately 12% of all passengers benefit from this discounting of an average 17% off of the maximum authorised fare.

Actual data collected by the BCA shows that the highest private fare is under \$6 in contrast to the \$9 reported in the IPART discussion paper. The general level of discounted fares demonstrates how much the private operators are responding to market forces and competition with motor vehicles over the longer journeys without the benefits of the subsidies enjoyed by STA.

## 6.2 Comparisons with STA

The IPART issues paper 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. Unfortunately the comparison plots STA *actual* fare against the Private Industry *maximum fares* and is clearly misleading.

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, however the issues paper asks for comparisons.

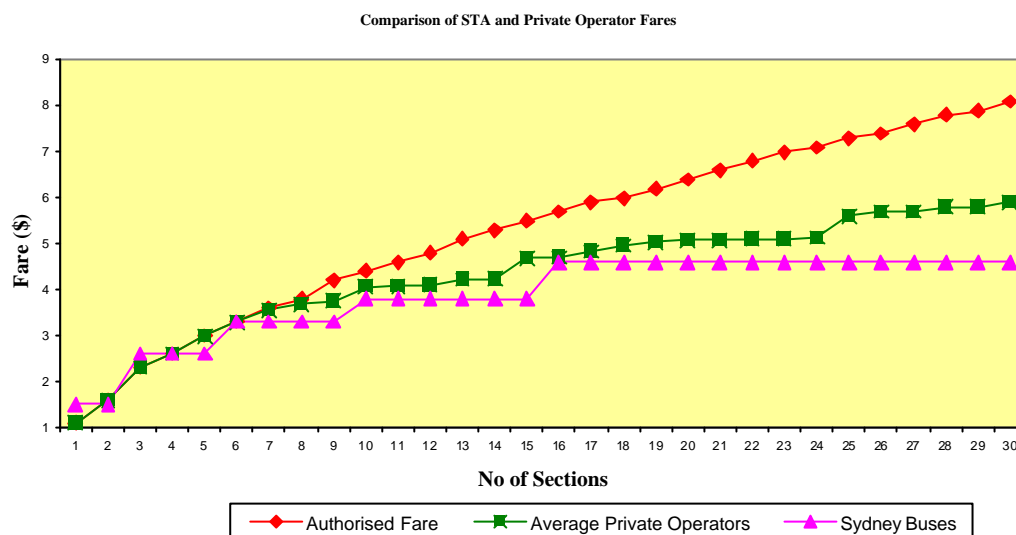
There are fundamental differences including:

- 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 and;

The following specific examples further demonstrate these differences;

- 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
- Transit and bus lanes mainly exist in STA areas.

The following table compares the actual average fare scale for fares offered by the private operators. The data particularly highlights the extent of fare discounting for trips above eight sections in length.



Source: BCA Industry Survey

### 6.3 Key Performance Indicators and Cost Structures

To assist IPART in understanding the bus industry and where possible consider comparisons with the STA (as requested), the BCA has provided the following comments and Key Performance Indicators which help characterise the differences between private operators and STA, bearing in mind BCA comments about the use of such comparisons.

The data provides up to date information on the performance of the industry and where equivalent indicators are available have contrasted the private operators and the STA both today and over the last ten years. The 10 year data was provided by Professor David Hensher<sup>8</sup> from the Institute of Transport Studies (ITS) benchmarking program. The selected indicators are those commonly cited by private and public operators as well as the government regulator.

The private bus industry in NSW has a long-standing reputation for delivering cost efficient services in both metropolitan and non-metropolitan NSW, but fare levels in any commercial industry are directly related to cost structures.

<sup>8</sup> Director of the Institute of Transport Studies Sydney University

Performance measures for 2000-2001 for the private bus industry in comparison (where data is available) with STA as follows.

**Key Performance Indicators 00/01**

<b>Description</b>	<b>Private Operators</b>	<b>Sydney Buses (STA)</b>
<b>Age of fleet</b>	10.2	12.2
<b>Revenue/Total kilometres</b>	2.61	4.80
<b>Revenue/Passenger</b>	2.15	1.90
<b>Total Costs/Passenger</b>	2.17	1.93
<b>Total Costs/Kilometre</b>	2.63	4.86
<b>Passenger/Employee</b>	41579	53705
<b>Passengers/Kilometres</b>	1.22	2.52
<b>Kilometres/Employee</b>	34194	21288
<b>Service levels as a % of MSL</b>	152%	

Source: BCA & Institute of Transport Studies

The table suggests that private operators are on average materially more cost efficient than STA (\$2.63/km compared with \$4.86/km). It would be reasonable to expect that that the STA cost/km would be influenced by slower journey and boarding times on crowded routes. However, to counter this most of the Government measures to provide transit lanes and bus priority measures have been initiated in the STA contract areas.

By way of contrast STA is more cost effective per passenger than the private operators (\$1.93 for compared to \$2.17). This relationship would tend to suggest that the private operators are more efficient at supplying service levels via vehicle kilometres, but the STA has an advantage when it comes to delivering passenger trips. This is consistent with the geographical situation. STA enjoys substantial patronage potential in the STA catchment area in contrast to the relatively thinly populated areas serviced by private operators.

### **Revenue per kilometre**

Revenue per kilometre for all sources in 2000-2001 is higher for STA (\$4.80) than for the private operators (\$2.61). However, when total cost/vehicle kilometre is taken into account there exists a similar cost recovery profile for both STA and private operators. The substantially better revenue per kilometre enjoyed by STA is explained by the greater patronage potential in STA areas compared to private bus operator areas.

### **Revenue per Passenger**

The average revenue per passenger is higher for private operators mainly due to the longer trips but the revenue per kilometer is much lower than Sydney Buses. This

difference is due to the difficulties experienced by these private operators attracting bus patronage in outer urban areas in contrast to inner urban areas

## Fleet Age

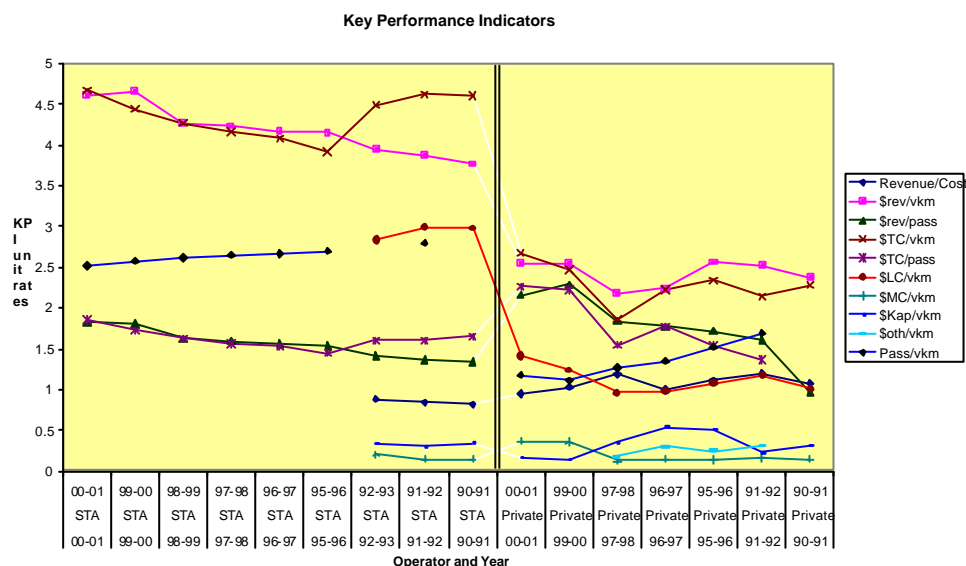
Fleet age for the private operators is 10.2 years which is below the contracted average age requirements of 12 years. By comparison STA had an average fleet age of 12.2 years.

## Comparisons over Time

A comparison on STA and private operators over time adds revealing information on performance. Data on STA and private operators in the Sydney metropolitan area over the period a ten-year period to 2001 highlights the following trends:

- Total cost/km has remained consistently lower for private operators compared to STA. STA costs range from a high of 222% higher in 97-98 to 174% higher in 2000-01. The gap continues to be substantial but is closing very slowly
- The trend in Total cost/km is very similar to the trend in Revenue/km for both STA and the private operators. This relationship would tend to suggest that costs and revenues are aligned reasonably closely over time and supports the use of the BICI as a basis of setting fares is a reliable instrument

The table below shows the broad differences in cost structures over the last ten years.



Source: BCA & Institute of Transport Studies

#### **6.4 Commercial Fare Application**

Attachment 1 of this submission contains the BCA application for a fare increase as at 1<sup>st</sup> July 2002.

The model, agreed to by IPART in 2001 has been used as the basis for the 2002 application. The IPART comments on consistencies and relativities have been addressed or, where they have not an explanatory note provided.

The application is for a 4.18% increase plus 1.85% ANTS adjustment. This is made up of the following components:

<b>Cost Components</b>	<b>%</b>
Bus Capital Costs	1.52
Labour Costs	2.25
Insurance & Registration	0.66
Fuel	-0.83
Bus Repairs and Maintenance	0.16
All other costs (CPI)	0.42
<b>Sub Total</b>	<b>4.18</b>
Final Reconciliation of ANTS	1.85
<b>Total Claim</b>	<b>6.03</b>

The adjustments for the New Tax System are fully detailed in Attachment 1. The approval of this 1.85% adjustment however does not recover the shortfall due to the industry for the past year, which is a matter the BCA will be taking up with the Director General.

#### **6.5 Application to vary “PricewaterhouseCoopers Required Return” Model (Non-Commercial Contracts)**

Appendix 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 amount payable is calculated by use of the “PWC Required Revenue Model” and includes allowances for:

- Depreciation on average age of the vehicle
- Depreciation allowance for spare parts
- Bus related costs
- Fuel related costs
- Other distance related costs
- Return on investment.

As an example of use of the model, a payment for a category 4 (largest bus), travelling 100 kms/day taking four hours would receive an increase of 4.5%.

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. Due to the early submission this year an estimate has been made for the March quarter CPI.

Wherever feasible, the BCA has responded to comments made by IPART in the previous year review. The BCA have not been able to address IPART's comments on required revenue because IPART has not provided an analysis/details of their estimates.

## **7. Service Quality**

The IPART issues paper broadly sets out present minimum arrangements related to assessing service quality and the lack of progress with the implementation of a Performance Assessment Regime (as prescribed in a 1997 amendment to the Act). The issues paper further indicates IPART is not aware of further progress in implementation of PAR. The BCA continues to support the introduction of a Performance Assessment Regime at the earliest possible time.

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 Transport NSW 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 (Busways) and the STA.

The initial results from this Busway/STA study are expected to show that the private operator was at least equal to the STA in terms of service quality. The BCA believes that further work in this area would be beneficial to the total bus industry as a means to better understand the needs of the customer.

### **Minimum Service Levels**

The delivery of service levels at 50% above the minimum prescribed under current contracts for private operators is impressive [refer table on page 22], and show operators are providing service levels well above the minimums prescribed by the Government.

### **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 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 supports the adoption of an industry customer charter and has developed a template 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. [See Attachment 5).

### ***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 have over the past few years responded to passenger needs by introducing services in addition to the minimum service level (MSL) required under the respective commercial service contracts. Examples of such services are:

- High frequency "Nepean Nipper" services in the Penrith area operated by Westbus
- 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
- Service levels in some parts of western Sydney operate on 15-minute frequencies all day with buses 5 – 6 minutes in the peaks.
- Introduction of accessible buses.

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	

Another example of service innovation can be seen by examining the proposed changes to Routes 960 and 962 at Connex Bus Company. Connex have asked for permission to introduce a new style of service. This service will be direct, limited stop, have new low floor buses to meet trains in both peaks and includes introduction of the weekly ticket.

This service will be marketed under a new name and will necessitate new timetables, rerouting of several services, consultation with the public and interested groups, as well as a great deal of cost in scheduling, rostering and training of staff. The operator awaits Transport NSW approval.

The aim will be to carry more passengers, provide a better service and increase revenue. A number of such service development proposals are awaiting Transport NSW approval.

### **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 & return tickets, University, School and TAFE weekly & term tickets (refer to page 19).

### **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.

### **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
- various other Government Departments and authorities.

## **8. Other Issues**

### **8.1 Environmental**

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. Research available to the BCA<sup>9</sup> generally indicates that very large changes in fares are needed to influence the level of patronage. Any negative environmental impact would come if passengers chose other forms of less environmentally friendly transport (ie. the motor car).

#### **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
- 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 recently developed a submission in response to the commonwealth government Fuel Tax Inquiry [See Attachment 4]. The submission covers all those environmental factors that are influenced by public transport (including air pollution, climate changes, greenhouse gases and noise).

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.

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

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<sup>9</sup> Institute of Transport Studies Working Paper –WP-01-04

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).

The NSW Government has as yet failed to indicate to the industry how much of funding for route bus services should be met by the passenger through fares. At present part is met by the passenger, part by cross subsidies from SSTS funding and part by cross subsidies from charter and any other related business. In general the bus industry would prefer to see lower fares and a per passenger subsidy bridging the gap.

## **8.2 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.

### **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 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 STA can minimise its fare application because of its deficit funding/CSO safety net.

The BCA is of the view that the one contract/funding system (including concessions) should apply uniformly across metropolitan Sydney.

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 but 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 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 have facilitated the trend

toward private school education. The State Government saves about \$3,100<sup>10</sup> p.a. for each student that transfers from a public to private school and the school transport system greatly facilitates such transfers.

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<sup>10</sup> State and Federal Budget papers

**Appendix 2 and 4 are available in hard copy only, upon request by contacting Kylie Miller on phone: (02) 9290 8472 or email [kylie\\_miller@ipart.nsw.gov.au](mailto:kylie_miller@ipart.nsw.gov.au)**

## **Attachment 1**

**Bus Industry Cost Index – Fare Application 2002**

## **2002 BICI Submission to IPART**

### **Explanations on costs used in index**

#### **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 (6.32% at 31 March 2002) as the interest rate. The 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 2003 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 2002 index we have included the cost of a Mercedes Benz 0405NH chassis with the applicable body from Custom Coaches. The Mercedes Benz 0405 chassis used in the previous years is no longer available and has now been replaced with the low floor model which is 0405NH. Building a body on the new low floor Mercedes Benz 0405NH chassis is more costly.

#### **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 2002 has been used in the calculations.

The Superannuation guarantee rate will increase from 8% to 9% from 1 July 2002.

The NSW payroll tax rate will reduce from 6.2% to 6.0% with effect from 1 July 2002

The workers comp premium rates are expected to increase with effect from 1 July 2002. We have not been able to obtain the exact increased rates 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 increase by approximately 10%. We have included a 10% increase in premiums.

#### **3. Bus Insurance and Rego**

The Compulsory Green Slip premiums have been obtained from Zurich Insurance and have increased from \$2,681 to \$3,065.

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 \$8.96 per \$1,000 of bus value to \$12.23.

We have been advised that the significant increases in insurance costs are mainly due to the collapse of HIH Insurance and the events of September 11, 2001 among various other factors.

Registration cost is based on the prices charged by the RTA. The price per registration has increased to \$859 effective from March 2002.

#### 4. Bus Lubricants

The fuel price is based on the average weekly (Monday of each week) price of fuel obtained from Mobil. The average figures are calculated to 4 decimal places. As the submission has to be completed by the end of March 2002, the average weekly price from 1 April 2002 to 31 March 2002 has been used in the calculations.

#### 5. Bus Repairs & 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. The tyre prices will be increased by 3% with effect from May 2002.

#### 6. All Other Costs – CPI

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

For the current submission, we have included an estimate of the March 2002 quarter CPI and adjusted for the ANTS impact. Publicly available information published by two of the "Big 4" banks was used to create a "consensus" estimate of the March 2002 rate of inflation. This rate of inflation was applied to the Consumer Price Index to develop an estimated March quarter CPI index number. This raw index was then adjusted using the Econtech ANTS adjustment factor for the March 2002 quarter. (This information is based on the PWC report on "revenue required for non-commercial Contracts June 2002)

The resulting rate of inflation for the period 1 April 2001 to 31 March 2002 is 2.93%.

#### 7. Cost Index Weights

The weightings used in the previous BICI models were based on the results of a survey conducted by DOT in 1997. Comments by IPART in the 2001 report highlighted the fact that the weightings were outdated and that the weightings used by PWC in their assessment of the impact of ANTS was more appropriate.

Considering the comments by IPART and our own reviews indicating that the PWC weightings appeared to more closely resemble actuals, it has been decided to use these weightings for the 2002 submission.

As the PWC weightings were done in May 2000, it has been adjusted for the changes in costs due to ANTS based on the PWC report and the BICI adjustments for 2000/2001 and 2001/2002.

A more comprehensive analysis of the weightings and other concepts in the BICI model will be undertaken before the submission in 2003.

## BUS INDUSTRY COST INDEX

Submission to IPART

Effective from July 2002

## PWC Weightings used

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10-Apr-2002

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	PWC Weightings					
	Base %	Base Cost	Cost	Increase	Base %	Increase
	01-Jul-01	01-Jul-2001	30-Jun-2002	%	30-Jun-2002	Points
<b>BUS CAPITAL COSTS</b>						
Mercedes 405 Chassis		\$ 188,067.00	\$ 192,206.30			
Custom Coach Body		\$ 143,000.00	\$ 170,500.00			
Lease Interest (10 Year Bond Rate)		6.10%	6.32%			
<b>Monthly Lease Payment</b>	<b>14.98</b>	<b>\$6,415.86</b>	<b>\$7,066.22</b>	<b>10.14%</b>	<b>16.50</b>	<b>1.52</b>
<b>PEOPLE COSTS</b>						
Award rate of Pay (incl D/C)	42.44	\$ 606.60	\$ 626.26	3.24%	43.82	
Occupational Superannuation	3.35	\$ 48.53	\$ 56.36	16.15%	3.89	
Pay Roll Tax - Wages	2.38	\$ 40.62	\$ 40.96	0.84%	2.40	
Workers Comp	2.32	\$ 33.18	\$ 37.68	13.57%	2.63	
<b>Total</b>	<b>50.49</b>				<b>52.74</b>	<b>2.25</b>
<b>BUS INSURANCE &amp; REGO</b>						
Green Slips	1.59	\$ 2,681.00	\$ 3,064.71	14.31%	1.82	
Comprehensive Insurance (per \$1000)	0.97	\$ 8.96	\$ 12.23	36.54%	1.32	
Registrations	0.64	\$ 767.00	\$ 859.00	11.99%	0.72	
<b>Total</b>	<b>3.20</b>				<b>3.86</b>	<b>0.66</b>
<b>BUS LUBRICANTS</b>						
Distillate	11.63	\$ 0.9582	\$ 0.8900	-7.12%	10.80	
<b>Total</b>	<b>11.63</b>				<b>10.80</b>	<b>(0.83)</b>
<b>BUS REPAIRS &amp; MAINTENANCE</b>						
Mercedes Major Service	4.22	\$ 1,072.50	\$ 1,105.50	3.08%	4.35	
Tyre List Price	1.11	\$ 639.00	\$ 658.15	3.00%	1.14	
<b>Total</b>	<b>5.33</b>				<b>5.49</b>	<b>0.16</b>
<b>ALL OTHER COSTS - CPI</b>	<b>14.37</b>	<b>130.22</b>	<b>134.04</b>	<b>2.93%</b>	<b>14.79</b>	<b>0.42</b>
<b>TOTAL COSTS</b>	<b>100.00</b>				<b>104.18</b>	<b>4.18</b>
Final Reconciliation of ANTS/GST savings (See attachment for full explanation)						<b>1.85</b>
<b>Total Claim for fare increase - 2002/2003</b>						<b>6.03%</b>
<b>Comprehensive Bus Insurance</b>						
	<b>30-Jun-01</b>	<b>30-Jun-02</b>				
Bus Fleet Value	\$ 138,124,603	\$ 124,751,546				
Gross Premiums	\$ 1,237,525	\$ 1,526,110				
Premium Rate per \$1000	\$ 8.96	\$ 12.23				
	<b>30-Jun-01</b>	<b>30-Jun-02</b>				
Superannuation Rate	8.00%	9.00%				
Payroll Tax Rate	6.20%	6.00%				
Workers Comp Rate	5.47%	6.02%				
10 Year Bond Rate	6.10%	6.32%				

**BUS INDUSTRY COST INDEX**

 Adjusted PWC Weightings  
 July 2002

**PWC Weightings used for ANTS**

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10-Apr-2002

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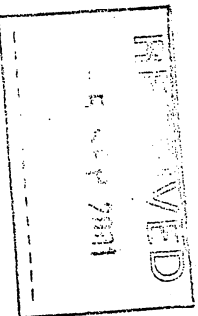
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	PWC Base % 01-Jul-00	4.2% increase BICI 2000 %	4.09% increase BICI 2001 %	PWC Base 30-Jun-2002	Adjusted PWC Base 30-Jun-2002	Increase Points
<b>BUS CAPITAL COSTS</b>						
Mercedes 405 Chassis						
Custom Coach Body						
Lease Interest (Bond Rate)						
<b>Monthly Lease Payment</b>	<b>15.64</b>	<b>2.83%</b>	<b>2.11%</b>	<b>16.42</b>	<b>14.98</b>	<b>(0.66)</b>
<b>PEOPLE COSTS</b>						
Award rate of Pay (incl D/C)	43.33	3.54%	3.69%	46.52	42.44	
Occupational Superannuation	2.99	18.33%	3.69%	3.67	3.35	
Pay Roll Tax - Wages	2.49	4.52%	0.45%	2.61	2.38	
Workers Comp	1.85	16.12%	18.41%	2.54	2.32	
<b>Total</b>	<b>50.66</b>			<b>55.35</b>	<b>50.49</b>	<b>(0.17)</b>
<b>BUS INSURANCE &amp; REGO</b>						
Green Slips	1.88	-14.95%	9.12%	1.74	1.59	
Comprehensive Insurance (per \$1000)	0.83	11.43%	14.47%	1.06	0.97	
Registrations	0.69	0.25%	0.66%	0.70	0.64	
<b>Total</b>	<b>3.40</b>			<b>3.50</b>	<b>3.20</b>	<b>(0.20)</b>
<b>BUS LUBRICANTS</b>						
Distillate	10.24	14.29%	8.89%	12.74	11.63	
<b>Total</b>	<b>10.24</b>			<b>12.74</b>	<b>11.63</b>	<b>1.39</b>
<b>BUS REPAIRS &amp; MAINTENANCE</b>						
Mercedes Major Service	4.27	8.33%	0.00%	4.63	4.22	
Tyre List Price	1.06	3.00%	11.13%	1.21	1.11	
<b>Total</b>	<b>5.33</b>			<b>5.84</b>	<b>5.33</b>	<b>0.00</b>
<b>ALL OTHER COSTS - CPI</b>	<b>14.73</b>	<b>3.59%</b>	<b>3.31%</b>	<b>15.76</b>	<b>14.37</b>	<b>(0.36)</b>
<b>TOTAL COSTS</b>	<b>100.00</b>			<b>109.62</b>	<b>100.00</b>	<b>0.00</b>

## **Attachment 3**

**2001/2002 Fare Schedules (Existing)**



**TRANSPORTNSW**

Dear Operator

**PRIVATE BUS FARE INCREASES**

As you may be aware, in June the Government requested the Independent Pricing and Regulatory Tribunal (IPART) to investigate and report on the following matters related to private bus services:

- Fares for regular services regulated under the Passenger Transport Act 1990; and
- Levels of remuneration received from the Government for commercial and non-commercial school services.

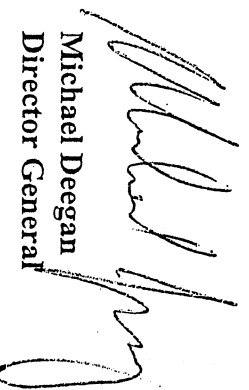
In conducting their review, IPART took into account submissions from the Bus and Coach Association (BCA). The first sought an increase to fares, and the second sought an increase in the rate of payment for non-commercial contracts.

In line with the recommendations from IPART, I have determined that maximum fares for commercial bus contracts (Metropolitan, Urban Fringe, Country Town and Rural) will increase on average by 4.09%, subject to rounding to the nearest ten cents. A copy of the report from IPART is attached for your information.

Enclosed are the maximum fare schedules applicable from 10 September 2001. For operators whose contract specifies the use of the metropolitan or urban fringe fare scale, there are two schedules for each, depending on whether the route is eligible for the Diesel and Alternative Fuels Grants Scheme (DAFGs). It is your responsibility to apply the correct fare schedules to each route.

As previously advised to the BCA, the increase will be backdated to 1 July 2001 for the Half Fare Concession Scheme and the School Student Transport Scheme (for all Semester 2, 2001).

Yours sincerely

  
Michael Deegan  
Director General

**METROPOLITAN ROUTE FARE SCALE**  
**DATE OF ISSUE : 10 SEPTEMBER 2001**  
**DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME (DAFGs) NOT QUALIFYING**  
**ADJUSTED FARE SCALE APPLICABLE FROM 10 SEPTEMBER 2001**  
**ROUNDED UP OR DOWN TO NEAREST 10 CENTS**

SECTION	ADULT	ROUNDED	CHILD	ROUNDED	SECTION	ADULT	ROUNDED	CHILD	ROUNDED
AUTHORISED			AUTHORISED		AUTHORISED			AUTHORISED	
1	\$1.05	\$1.10	\$0.53	\$0.50	36	\$8.89	\$8.90	\$4.44	\$4.40
2	\$1.63	\$1.60	\$0.81	\$0.80	37	\$9.03	\$9.00	\$4.51	\$4.50
3	\$2.26	\$2.30	\$1.13	\$1.10	38	\$9.19	\$9.20	\$4.60	\$4.60
4	\$2.63	\$2.60	\$1.32	\$1.30	39	\$9.31	\$9.30	\$4.65	\$4.70
5	\$2.99	\$3.00	\$1.49	\$1.50	40	\$9.44	\$9.40	\$4.72	\$4.70
6	\$3.29	\$3.30	\$1.65	\$1.70	41	\$9.56	\$9.60	\$4.78	\$4.80
7	\$3.57	\$3.60	\$1.79	\$1.80	42	\$9.71	\$9.70	\$4.85	\$4.90
8	\$3.84	\$3.80	\$1.92	\$1.90	43	\$9.85	\$9.90	\$4.92	\$4.90
9	\$4.15	\$4.20	\$2.07	\$2.10	44	\$9.98	\$10.00	\$4.99	\$5.00
10	\$4.39	\$4.40	\$2.20	\$2.20	45	\$10.09	\$10.10	\$5.05	\$5.10
11	\$4.60	\$4.60	\$2.30	\$2.30	46	\$10.22	\$10.20	\$5.11	\$5.10
12	\$4.84	\$4.80	\$2.42	\$2.40	47	\$10.32	\$10.30	\$5.16	\$5.20
13	\$5.06	\$5.10	\$2.53	\$2.50	48	\$10.43	\$10.40	\$5.22	\$5.20
14	\$5.27	\$5.30	\$2.63	\$2.60	49	\$10.56	\$10.60	\$5.28	\$5.30
15	\$5.48	\$5.50	\$2.74	\$2.70	50	\$10.67	\$10.70	\$5.33	\$5.30
16	\$5.69	\$5.70	\$2.85	\$2.90	51	\$10.83	\$10.80	\$5.42	\$5.40
17	\$5.88	\$5.90	\$2.94	\$2.90	52	\$10.93	\$10.90	\$5.46	\$5.50
18	\$6.04	\$6.00	\$3.02	\$3.00	53	\$11.04	\$11.00	\$5.52	\$5.50
19	\$6.23	\$6.20	\$3.11	\$3.10	54	\$11.17	\$11.20	\$5.59	\$5.60
20	\$6.42	\$6.40	\$3.21	\$3.20	55	\$11.25	\$11.30	\$5.63	\$5.60
21	\$6.62	\$6.60	\$3.31	\$3.30	56	\$11.37	\$11.40	\$5.69	\$5.70
22	\$6.78	\$6.80	\$3.39	\$3.40	57	\$11.51	\$11.50	\$5.76	\$5.80
23	\$6.96	\$7.00	\$3.48	\$3.50	58	\$11.60	\$11.60	\$5.80	\$5.80
24	\$7.11	\$7.10	\$3.55	\$3.60	59	\$11.72	\$11.70	\$5.86	\$5.90
25	\$7.27	\$7.30	\$3.64	\$3.60	60	\$11.83	\$11.80	\$5.91	\$5.90
26	\$7.44	\$7.40	\$3.72	\$3.70	61	\$11.94	\$11.90	\$5.97	\$6.00
27	\$7.58	\$7.60	\$3.79	\$3.80	62	\$12.04	\$12.00	\$6.02	\$6.00
28	\$7.75	\$7.80	\$3.88	\$3.90	63	\$12.17	\$12.20	\$6.08	\$6.10
29	\$7.90	\$7.90	\$3.95	\$4.00	64	\$12.26	\$12.30	\$6.13	\$6.10
30	\$8.06	\$8.10	\$4.03	\$4.00	65	\$12.34	\$12.30	\$6.17	\$6.20
31	\$8.17	\$8.20	\$4.09	\$4.10	66	\$12.47	\$12.50	\$6.24	\$6.20
32	\$8.35	\$8.40	\$4.17	\$4.20	67	\$12.58	\$12.60	\$6.29	\$6.30
33	\$8.51	\$8.50	\$4.26	\$4.30	68	\$12.68	\$12.70	\$6.34	\$6.30
34	\$8.62	\$8.60	\$4.31	\$4.30	69	\$12.79	\$12.80	\$6.39	\$6.40
35	\$8.78	\$8.80	\$4.39	\$4.40	70	\$12.88	\$12.90	\$6.44	\$6.40

Operator shall not without the approval of the Department of Transport charge any fare for any single section as contained in any adjusted Scale of Fares if such adjusted fare would result in the fare it replaces being less than 80% of the replacement fare.

**METROPOLITAN ROUTE FARE SCALE**  
**DATE OF ISSUE: 10 SEPTEMBER 2001**  
**DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME (DAFGs) QUALIFYING**  
**ADJUSTED FARE SCALE APPLICABLE FROM 10 SEPTEMBER 2001**  
**ROUNDED UP OR DOWN TO NEAREST 10 CENTS**

SECTION	ADULT	ROUNDED	CHILD	SECTION	ADULT	ROUNDED	CHILD
AUTHORISED			AUTHORISED		AUTHORISED		AUTHORISED
1	\$1.04	\$1.00	\$0.52	36	\$8.73	\$8.70	\$4.37
2	\$1.60	\$1.60	\$0.80	37	\$8.87	\$8.90	\$4.44
3	\$2.22	\$2.20	\$1.11	38	\$9.03	\$9.00	\$4.52
4	\$2.59	\$2.60	\$1.29	39	\$9.15	\$9.20	\$4.57
5	\$2.93	\$2.90	\$1.47	40	\$9.28	\$9.30	\$4.64
6	\$3.23	\$3.20	\$1.62	41	\$9.39	\$9.40	\$4.70
7	\$3.51	\$3.50	\$1.76	42	\$9.54	\$9.50	\$4.77
8	\$3.77	\$3.80	\$1.89	43	\$9.68	\$9.70	\$4.84
9	\$4.07	\$4.10	\$2.04	44	\$9.81	\$9.80	\$4.90
10	\$4.32	\$4.30	\$2.16	45	\$9.92	\$9.90	\$4.96
11	\$4.52	\$4.50	\$2.26	46	\$10.05	\$10.10	\$5.02
12	\$4.75	\$4.80	\$2.38	47	\$10.14	\$10.10	\$5.07
13	\$4.97	\$5.00	\$2.49	48	\$10.25	\$10.30	\$5.13
14	\$5.18	\$5.20	\$2.59	49	\$10.38	\$10.40	\$5.19
15	\$5.39	\$5.40	\$2.69	50	\$10.48	\$10.50	\$5.24
16	\$5.59	\$5.60	\$2.80	51	\$10.65	\$10.70	\$5.32
17	\$5.78	\$5.80	\$2.89	52	\$10.74	\$10.70	\$5.37
18	\$5.94	\$5.90	\$2.97	53	\$10.85	\$10.90	\$5.43
19	\$6.12	\$6.10	\$3.06	54	\$10.98	\$11.00	\$5.49
20	\$6.31	\$6.30	\$3.15	55	\$11.06	\$11.10	\$5.53
21	\$6.50	\$6.50	\$3.25	56	\$11.17	\$11.20	\$5.59
22	\$6.66	\$6.70	\$3.33	57	\$11.31	\$11.30	\$5.66
23	\$6.84	\$6.80	\$3.42	58	\$11.40	\$11.40	\$5.70
24	\$6.99	\$7.00	\$3.49	59	\$11.52	\$11.50	\$5.76
25	\$7.15	\$7.20	\$3.57	60	\$11.62	\$11.60	\$5.81
26	\$7.31	\$7.30	\$3.65	61	\$11.74	\$11.70	\$5.87
27	\$7.45	\$7.50	\$3.72	62	\$11.83	\$11.80	\$5.92
28	\$7.62	\$7.60	\$3.81	63	\$11.96	\$12.00	\$5.98
29	\$7.77	\$7.80	\$3.88	64	\$12.05	\$12.10	\$6.02
30	\$7.92	\$7.90	\$3.96	65	\$12.13	\$12.10	\$6.06
31	\$8.03	\$8.00	\$4.02	66	\$12.26	\$12.30	\$6.13
32	\$8.21	\$8.20	\$4.10	67	\$12.36	\$12.40	\$6.18
33	\$8.37	\$8.40	\$4.18	68	\$12.46	\$12.50	\$6.23
34	\$8.47	\$8.50	\$4.24	69	\$12.57	\$12.60	\$6.28
35	\$8.63	\$8.60	\$4.32	70	\$12.66	\$12.70	\$6.33

Operator shall not without the approval of the Department of Transport charge any fare for any single section as contained in any adjusted Scale of Fares if such adjusted fare would result in the fare it replaces being less than 80% of the replacement fare.

URBAN FRINGE ROUTE FARE SCALE  
DATE OF ISSUE: 10 SEPTEMBER 2001  
DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME (DAFGs) NOT QUALIFYING  
ADJUSTED FARE SCALE APPLICABLE FROM 10 SEPTEMBER 2001  
ROUNDED UP OR DOWN TO NEAREST 10 CENTS

SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED	SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED
1	\$1.48	\$1.50	\$0.74	\$0.70	36	\$10.88	\$10.90	\$5.44	\$5.40
2	\$2.18	\$2.20	\$1.09	\$1.10	37	\$11.01	\$11.00	\$5.51	\$5.50
3	\$2.73	\$2.70	\$1.36	\$1.40	38	\$11.20	\$11.20	\$5.60	\$5.60
4	\$3.20	\$3.20	\$1.60	\$1.60	39	\$11.37	\$11.40	\$5.68	\$5.70
5	\$3.62	\$3.60	\$1.81	\$1.80	40	\$11.53	\$11.50	\$5.77	\$5.80
6	\$4.04	\$4.00	\$2.02	\$2.00	41	\$11.67	\$11.70	\$5.84	\$5.80
7	\$4.38	\$4.40	\$2.19	\$2.20	42	\$11.84	\$11.80	\$5.92	\$5.90
8	\$4.72	\$4.70	\$2.36	\$2.40	43	\$11.99	\$12.00	\$6.00	\$6.00
9	\$5.05	\$5.10	\$2.53	\$2.50	44	\$12.15	\$12.20	\$6.07	\$6.10
10	\$5.35	\$5.40	\$2.67	\$2.70	45	\$12.28	\$12.30	\$6.14	\$6.10
11	\$5.62	\$5.60	\$2.81	\$2.80	46	\$12.45	\$12.50	\$6.23	\$6.20
12	\$5.91	\$5.90	\$2.96	\$3.00	47	\$12.59	\$12.60	\$6.30	\$6.30
13	\$6.16	\$6.20	\$3.08	\$3.10	48	\$12.75	\$12.80	\$6.37	\$6.40
14	\$6.44	\$6.40	\$3.22	\$3.20	49	\$12.90	\$12.90	\$6.45	\$6.50
15	\$6.69	\$6.70	\$3.35	\$3.40	50	\$13.04	\$13.00	\$6.52	\$6.50
16	\$6.89	\$6.90	\$3.45	\$3.50	51	\$13.20	\$13.20	\$6.60	\$6.60
17	\$7.15	\$7.20	\$3.58	\$3.60	52	\$13.31	\$13.30	\$6.66	\$6.70
18	\$7.40	\$7.40	\$3.70	\$3.70	53	\$13.48	\$13.50	\$6.74	\$6.70
19	\$7.60	\$7.60	\$3.80	\$3.80	54	\$13.61	\$13.60	\$6.80	\$6.80
20	\$7.85	\$7.90	\$3.92	\$3.90	55	\$13.73	\$13.70	\$6.86	\$6.90
21	\$8.05	\$8.10	\$4.03	\$4.00	56	\$13.88	\$13.90	\$6.94	\$6.90
22	\$8.29	\$8.30	\$4.14	\$4.10	57	\$14.01	\$14.00	\$7.01	\$7.00
23	\$8.49	\$8.50	\$4.24	\$4.20	58	\$14.16	\$14.20	\$7.08	\$7.10
24	\$8.68	\$8.70	\$4.34	\$4.30	59	\$14.27	\$14.30	\$7.14	\$7.10
25	\$8.89	\$8.90	\$4.44	\$4.40	60	\$14.45	\$14.50	\$7.22	\$7.20
26	\$9.07	\$9.10	\$4.53	\$4.50	61	\$14.55	\$14.60	\$7.28	\$7.30
27	\$9.28	\$9.30	\$4.64	\$4.60	62	\$14.71	\$14.70	\$7.35	\$7.40
28	\$9.44	\$9.40	\$4.72	\$4.70	63	\$14.83	\$14.80	\$7.41	\$7.40
29	\$9.62	\$9.60	\$4.81	\$4.80	64	\$14.92	\$14.90	\$7.46	\$7.50
30	\$9.82	\$9.80	\$4.91	\$4.90	65	\$15.12	\$15.10	\$7.56	\$7.60
31	\$9.99	\$10.00	\$4.99	\$5.00	66	\$15.23	\$15.20	\$7.61	\$7.60
32	\$10.19	\$10.20	\$5.09	\$5.10	67	\$15.33	\$15.30	\$7.67	\$7.70
33	\$10.36	\$10.40	\$5.18	\$5.20	68	\$15.45	\$15.50	\$7.73	\$7.70
34	\$10.53	\$10.50	\$5.26	\$5.30	69	\$15.57	\$15.60	\$7.78	\$7.80
35	\$10.69	\$10.70	\$5.35	\$5.40	70	\$15.73	\$15.70	\$7.87	\$7.90

Operator shall not without the approval of the Department of Transport charge any fare for any single section as contained in any adjusted Scale of Fares if such adjusted fare would result in the fare it replaces being less than 80% of the replacement fare.

URBAN FRINGE ROUTE FARE SCALE  
 DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME (DAFGs) QUALIFYING  
 DATE OF ISSUE: 10 SEPTEMBER 200  
 ADJUSTED FARE SCALE APPLICABLE FROM 10 SEPTEMBER 2001  
 ROUNDED UP OR DOWN TO NEAREST 10 CENTS

SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED	SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED
1	\$1.45	\$1.50	\$0.73	\$0.70	36	\$10.70	\$10.70	\$5.35	\$5.40
2	\$2.15	\$2.20	\$1.07	\$1.10	37	\$10.82	\$10.80	\$5.41	\$5.40
3	\$2.68	\$2.70	\$1.34	\$1.30	38	\$11.01	\$11.00	\$5.50	\$5.50
4	\$3.14	\$3.10	\$1.57	\$1.60	39	\$11.17	\$11.20	\$5.59	\$5.60
5	\$3.56	\$3.60	\$1.78	\$1.80	40	\$11.33	\$11.30	\$5.67	\$5.70
6	\$3.97	\$4.00	\$1.98	\$2.00	41	\$11.47	\$11.50	\$5.74	\$5.70
7	\$4.30	\$4.30	\$2.15	\$2.20	42	\$11.64	\$11.60	\$5.82	\$5.80
8	\$4.64	\$4.60	\$2.32	\$2.30	43	\$11.79	\$11.80	\$5.89	\$5.90
9	\$4.97	\$5.00	\$2.48	\$2.50	44	\$11.94	\$11.90	\$5.97	\$6.00
10	\$5.26	\$5.30	\$2.63	\$2.60	45	\$12.06	\$12.10	\$6.03	\$6.00
11	\$5.52	\$5.50	\$2.76	\$2.80	46	\$12.24	\$12.20	\$6.12	\$6.10
12	\$5.81	\$5.80	\$2.91	\$2.90	47	\$12.38	\$12.40	\$6.19	\$6.20
13	\$6.06	\$6.10	\$3.03	\$3.00	48	\$12.53	\$12.50	\$6.26	\$6.30
14	\$6.33	\$6.30	\$3.17	\$3.20	49	\$12.68	\$12.70	\$6.34	\$6.30
15	\$6.58	\$6.60	\$3.29	\$3.30	50	\$12.82	\$12.80	\$6.41	\$6.40
16	\$6.77	\$6.80	\$3.39	\$3.40	51	\$12.97	\$13.00	\$6.48	\$6.50
17	\$7.03	\$7.00	\$3.52	\$3.50	52	\$13.09	\$13.10	\$6.54	\$6.50
18	\$7.27	\$7.30	\$3.64	\$3.60	53	\$13.25	\$13.30	\$6.62	\$6.60
19	\$7.47	\$7.50	\$3.74	\$3.70	54	\$13.38	\$13.40	\$6.69	\$6.70
20	\$7.71	\$7.70	\$3.86	\$3.90	55	\$13.49	\$13.50	\$6.75	\$6.80
21	\$7.91	\$7.90	\$3.96	\$4.00	56	\$13.64	\$13.60	\$6.82	\$6.80
22	\$8.14	\$8.10	\$4.07	\$4.10	57	\$13.77	\$13.80	\$6.89	\$6.90
23	\$8.34	\$8.30	\$4.17	\$4.20	58	\$13.92	\$13.90	\$6.96	\$7.00
24	\$8.53	\$8.50	\$4.26	\$4.30	59	\$14.03	\$14.00	\$7.01	\$7.00
25	\$8.74	\$8.70	\$4.37	\$4.40	60	\$14.20	\$14.20	\$7.10	\$7.10
26	\$8.91	\$8.90	\$4.45	\$4.50	61	\$14.30	\$14.30	\$7.15	\$7.20
27	\$9.12	\$9.10	\$4.56	\$4.60	62	\$14.45	\$14.50	\$7.23	\$7.20
28	\$9.28	\$9.30	\$4.64	\$4.60	63	\$14.57	\$14.60	\$7.29	\$7.30
29	\$9.45	\$9.50	\$4.73	\$4.70	64	\$14.66	\$14.70	\$7.33	\$7.30
30	\$9.65	\$9.70	\$4.83	\$4.80	65	\$14.86	\$14.90	\$7.43	\$7.40
31	\$9.81	\$9.80	\$4.91	\$4.90	66	\$14.97	\$15.00	\$7.48	\$7.50
32	\$10.01	\$10.00	\$5.01	\$5.00	67	\$15.07	\$15.10	\$7.53	\$7.50
33	\$10.19	\$10.20	\$5.09	\$5.10	68	\$15.19	\$15.20	\$7.59	\$7.60
34	\$10.35	\$10.40	\$5.17	\$5.20	69	\$15.30	\$15.30	\$7.65	\$7.70
35	\$10.51	\$10.50	\$5.26	\$5.30	70	\$15.46	\$15.50	\$7.73	\$7.70

Operator shall not without the approval of the Department of Transport charge any fare for any single section as contained in any adjusted Scale of Fares if such adjusted fare would result in the fare it replaces being less than 80% of the replacement fare.

COUNTRY TOWN ROUTE FARE SCALE      DATE OF ISSUE: 10 SEPTEMBER 2001  
 DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME (DAFGs) QUALIFYING  
 ADJUSTED FARE SCALE APPLICABLE FROM 10 SEPTEMBER 2001  
 ROUNDED UP OR DOWN TO NEAREST 10 CENTS

SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED	SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED
1	\$1.45	\$1.50	\$0.73	\$0.70	36	\$10.70	\$10.70	\$5.35	\$5.40
2	\$2.15	\$2.20	\$1.07	\$1.10	37	\$10.82	\$10.80	\$5.41	\$5.40
3	\$2.68	\$2.70	\$1.34	\$1.30	38	\$11.01	\$11.00	\$5.50	\$5.50
4	\$3.14	\$3.10	\$1.57	\$1.60	39	\$11.17	\$11.20	\$5.59	\$5.60
5	\$3.56	\$3.60	\$1.78	\$1.80	40	\$11.33	\$11.30	\$5.67	\$5.70
6	\$3.97	\$4.00	\$1.98	\$2.00	41	\$11.47	\$11.50	\$5.74	\$5.70
7	\$4.30	\$4.30	\$2.15	\$2.20	42	\$11.64	\$11.60	\$5.82	\$5.80
8	\$4.64	\$4.60	\$2.32	\$2.30	43	\$11.79	\$11.80	\$5.89	\$5.90
9	\$4.97	\$5.00	\$2.48	\$2.50	44	\$11.94	\$11.90	\$5.97	\$6.00
10	\$5.26	\$5.30	\$2.63	\$2.60	45	\$12.06	\$12.10	\$6.03	\$6.00
11	\$5.52	\$5.50	\$2.76	\$2.80	46	\$12.24	\$12.20	\$6.12	\$6.10
12	\$5.81	\$5.80	\$2.91	\$2.90	47	\$12.38	\$12.40	\$6.19	\$6.20
13	\$6.06	\$6.10	\$3.03	\$3.00	48	\$12.53	\$12.50	\$6.26	\$6.30
14	\$6.33	\$6.30	\$3.17	\$3.20	49	\$12.68	\$12.70	\$6.34	\$6.30
15	\$6.58	\$6.60	\$3.29	\$3.30	50	\$12.82	\$12.80	\$6.41	\$6.40
16	\$6.77	\$6.80	\$3.39	\$3.40	51	\$12.97	\$13.00	\$6.48	\$6.50
17	\$7.03	\$7.00	\$3.52	\$3.50	52	\$13.09	\$13.10	\$6.54	\$6.50
18	\$7.27	\$7.30	\$3.64	\$3.60	53	\$13.25	\$13.30	\$6.62	\$6.60
19	\$7.47	\$7.50	\$3.74	\$3.70	54	\$13.38	\$13.40	\$6.69	\$6.70
20	\$7.71	\$7.70	\$3.86	\$3.90	55	\$13.49	\$13.50	\$6.75	\$6.80
21	\$7.91	\$7.90	\$3.96	\$4.00	56	\$13.64	\$13.60	\$6.82	\$6.80
22	\$8.14	\$8.10	\$4.07	\$4.10	57	\$13.77	\$13.80	\$6.89	\$6.90
23	\$8.34	\$8.30	\$4.17	\$4.20	58	\$13.92	\$13.90	\$6.96	\$7.00
24	\$8.53	\$8.50	\$4.26	\$4.30	59	\$14.03	\$14.00	\$7.01	\$7.00
25	\$8.74	\$8.70	\$4.37	\$4.40	60	\$14.20	\$14.20	\$7.10	\$7.10
26	\$8.91	\$8.90	\$4.45	\$4.50	61	\$14.30	\$14.30	\$7.15	\$7.20
27	\$9.12	\$9.10	\$4.56	\$4.60	62	\$14.45	\$14.50	\$7.23	\$7.20
28	\$9.28	\$9.30	\$4.64	\$4.60	63	\$14.57	\$14.60	\$7.29	\$7.30
29	\$9.45	\$9.50	\$4.73	\$4.70	64	\$14.66	\$14.70	\$7.33	\$7.30
30	\$9.65	\$9.70	\$4.83	\$4.80	65	\$14.86	\$14.90	\$7.43	\$7.40
31	\$9.81	\$9.80	\$4.91	\$4.90	66	\$14.97	\$15.00	\$7.48	\$7.50
32	\$10.01	\$10.00	\$5.01	\$5.00	67	\$15.07	\$15.10	\$7.53	\$7.50
33	\$10.19	\$10.20	\$5.09	\$5.10	68	\$15.19	\$15.20	\$7.59	\$7.60
34	\$10.35	\$10.40	\$5.17	\$5.20	69	\$15.30	\$15.30	\$7.65	\$7.70
35	\$10.51	\$10.50	\$5.26	\$5.30	70	\$15.46	\$15.50	\$7.73	\$7.70

Operator shall not without the approval of the Department of Transport charge any fare for any single section as contained in any adjusted Scale of Fares if such adjusted fare would result in the fare it replaces being less than 80% of the replacement fare.

**RURAL ROUTE FARE SCALE**  
**DATE OF ISSUE: 10 SEPTEMBER 2001**  
**DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME (DAFGs) QUALIFYING**  
**ADJUSTED FARE SCALE APPLICABLE FROM 10 SEPTEMBER 2001**  
**ROUNDED UP OR DOWN TO NEAREST 10 CENTS**

SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED	SECTION	ADULT AUTHORISED	ROUNDED	CHILD AUTHORISED	ROUNDED
1	\$1.95	\$2.00	\$0.97	\$1.00	36	\$14.29	\$14.30	\$7.15	\$7.20
2	\$2.87	\$2.90	\$1.43	\$1.40	37	\$14.51	\$14.50	\$7.26	\$7.30
3	\$3.57	\$3.60	\$1.79	\$1.80	38	\$14.73	\$14.70	\$7.37	\$7.40
4	\$4.21	\$4.20	\$2.11	\$2.10	39	\$14.93	\$14.90	\$7.47	\$7.50
5	\$4.77	\$4.80	\$2.38	\$2.40	40	\$15.13	\$15.10	\$7.56	\$7.60
6	\$5.28	\$5.30	\$2.64	\$2.60	41	\$15.37	\$15.40	\$7.69	\$7.70
7	\$5.74	\$5.70	\$2.87	\$2.90	42	\$15.56	\$15.60	\$7.78	\$7.80
8	\$6.19	\$6.20	\$3.10	\$3.10	43	\$15.77	\$15.80	\$7.88	\$7.90
9	\$6.64	\$6.60	\$3.32	\$3.30	44	\$15.97	\$16.00	\$7.99	\$8.00
10	\$7.01	\$7.00	\$3.50	\$3.50	45	\$16.17	\$16.20	\$8.09	\$8.10
11	\$7.37	\$7.40	\$3.68	\$3.70	46	\$16.36	\$16.40	\$8.18	\$8.20
12	\$7.76	\$7.80	\$3.88	\$3.90	47	\$16.55	\$16.60	\$8.28	\$8.30
13	\$8.11	\$8.10	\$4.05	\$4.10	48	\$16.74	\$16.70	\$8.37	\$8.40
14	\$8.45	\$8.50	\$4.22	\$4.20	49	\$16.96	\$17.00	\$8.48	\$8.50
15	\$8.79	\$8.80	\$4.40	\$4.40	50	\$17.13	\$17.10	\$8.57	\$8.60
16	\$9.11	\$9.10	\$4.55	\$4.60	51	\$17.35	\$17.40	\$8.68	\$8.70
17	\$9.42	\$9.40	\$4.71	\$4.70	52	\$17.53	\$17.50	\$8.76	\$8.80
18	\$9.71	\$9.70	\$4.85	\$4.90	53	\$17.70	\$17.70	\$8.85	\$8.90
19	\$10.02	\$10.00	\$5.01	\$5.00	54	\$17.89	\$17.90	\$8.94	\$8.90
20	\$10.30	\$10.30	\$5.15	\$5.20	55	\$18.06	\$18.10	\$9.03	\$9.00
21	\$10.60	\$10.60	\$5.30	\$5.30	56	\$18.25	\$18.30	\$9.12	\$9.10
22	\$10.87	\$10.90	\$5.44	\$5.40	57	\$18.43	\$18.40	\$9.22	\$9.20
23	\$11.15	\$11.20	\$5.57	\$5.60	58	\$18.60	\$18.60	\$9.30	\$9.30
24	\$11.40	\$11.40	\$5.70	\$5.70	59	\$18.76	\$18.80	\$9.38	\$9.40
25	\$11.66	\$11.70	\$5.83	\$5.80	60	\$18.98	\$19.00	\$9.49	\$9.50
26	\$11.94	\$11.90	\$5.97	\$6.00	61	\$19.13	\$19.10	\$9.56	\$9.60
27	\$12.20	\$12.20	\$6.10	\$6.10	62	\$19.30	\$19.30	\$9.65	\$9.70
28	\$12.41	\$12.40	\$6.21	\$6.20	63	\$19.47	\$19.50	\$9.73	\$9.70
29	\$12.66	\$12.70	\$6.33	\$6.30	64	\$19.65	\$19.70	\$9.83	\$9.80
30	\$12.90	\$12.90	\$6.45	\$6.50	65	\$19.81	\$19.80	\$9.91	\$9.90
31	\$13.13	\$13.10	\$6.57	\$6.60	66	\$20.00	\$20.00	\$10.00	\$10.00
32	\$13.38	\$13.40	\$6.69	\$6.70	67	\$20.16	\$20.20	\$10.08	\$10.10
33	\$13.60	\$13.60	\$6.80	\$6.80	68	\$20.31	\$20.30	\$10.16	\$10.20
34	\$13.82	\$13.80	\$6.91	\$6.90	69	\$20.48	\$20.50	\$10.24	\$10.20
35	\$14.07	\$14.10	\$7.04	\$7.00	70	\$20.66	\$20.70	\$10.33	\$10.30

Operator shall not without the approval of the Department of Transport charge any fare for any single section as contained in any adjusted Scale of Fares if such adjusted fare would result in the fare it replaces being less than 80% of the replacement fare.

## **Attachment 5**

### **Customer Service Charter**

## **BUS AND COACH ASSOCIATION**

### **DRAFT CUSTOMER CHARTER VERSION A**

#### **INTRODUCTION**

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

This charter sets out our commitment to passengers to deliver continuous improvement in both quality and reliability of service.

It details the standards we have set for ourselves in key service areas including bus quality, cleanliness, safety, driver performance, punctuality, passenger information and complaints procedures.

#### **MONITORING OUR PERFORMANCE**

The targets outlined in this charter will be subjected to regular monitoring.

We will review our targets regularly to ensure that we constantly meet the ever-changing needs of the areas in which we operate.

To help us achieve our targets, your feedback is welcomed. Customer satisfaction runs second only to safety as our priority.

The charter explains how you can contact us with comments, suggestions or observations that could help to improve the quality of our service.

#### **RELIABILITY & PUNCTUALITY**

Our aim is to operate all advertised services and to operate in accordance with the advertised times.

No bus service should leave ahead of its advertised time.

On-time running is constantly monitored and the reasons why any service runs over five minutes late will be analysed.

Where the reason for late running is due to a factor within our control, every effort will be made to make changes that restore on-time running.

To minimise the potential for delays caused by mechanical faults:

- Regular servicing of vehicles will be carried out in accordance with manufacturer's instructions; and
- Basic vehicle checks will be carried out in advance of service commencement.

## **FREQUENCY OF SERVICE**

The frequency of services will always meet or exceed the frequency specified by the NSW Department of Transport.

Timetables will be prepared that reflect community needs, particularly regularity of services, in both peak and non-peak periods.

We undertake to maintain regular contact with interested groups including commuters, pensioners and the disabled to ensure we are up to date with community needs.

## **CAPACITY**

Our aim is always to provide sufficient capacity to meet the demand for travel.

On school buses that travel along highways, we aim to have no child standing.

## **VALUE FOR MONEY**

We believe it is important to offer value for money. Therefore we are committed to providing ongoing improvements in quality and reliability on all our services.

Fare policy will be in accordance with advice received from the Department of Transport and the Independent Pricing and Regulatory Tribunal.

## **VEHICLE STANDARDS**

All operators will aim to maintain the most modern fleet possible within their means.

Where possible, fleet replacement policies should emphasise models that feature air conditioning, safety features for drivers and passengers, comfortable seating and accessibility for people with limited mobility or disabilities.

High standards of bus maintenance will be observed and appropriate records maintained.

## **ACCESSIBILITY**

The private bus industry is committed to improving service accessibility, particularly for the frail elderly and people with disabilities.

Where possible, operators will purchase accessible buses when replacing fleet, such as low-floor and wheelchair access models.

Where fleet resourcing is sufficient to allow it, operators will schedule accessible vehicles to operate at regular times and advertise their availability.

Where operators maintain websites, up-to-date customer information regarding accessible services will be available on line.

We will provide feedback to schools on student travel matters as they arise and seek their guidance in dealing with discipline or safety issues.

To ensure a pro-active relationship, schools will be provided with contact details for a designated staff member at depot or head office level for queries regarding services.

## **SECURITY**

Bus operators take seriously the security of passengers aboard our buses.

To discourage anti-social or violent behaviour, security cameras are fitted to all private buses.

Bus operators undertake to encourage a community response to issues of personal safety and behaviour on public transport, working with police, schools, licensed clubs and pubs, youth groups and concerned citizens to undertake joint action on these issues.

## **JOURNEY COMFORT**

In order to ensure a pleasant on bus environment, regular inspections will take place to ensure that all buses have adequate ventilation, heating and lighting.

In updating our bus fleets, a policy of purchasing air conditioned models will be preferred. All drivers have been trained in safe driving techniques to optimise customer safety.

Subject to road conditions and the behaviour of other road users, buses will be driven so that braking and accelerations will be smooth and sudden movements minimised.

## **ENVIRONMENT**

Private bus operators share the concern of the community that environmental standards remain high in NSW.

We undertake that to ensure that our vehicles and depot premises meet or exceed environmental standards as required under NSW law.

We also undertake, where possible, to purchase new fleet featuring the most modern environmental standards and to maintain vehicles to a standard that minimises impacts on air quality.

We will promote generally the use of buses as a cleaner and more efficient form of transport than the car.

## **TELEPHONE INQUIRIES**

Our staff will be provided with adequate training, systems and information to answer all inquiries accurately and efficiently.

Telephone contact numbers will be advertised widely to ensure ease of access.

## **PASSENGER INFORMATION**

Customer information is a key aspect of our responsibilities to the community.

We aim to provide up-to-date information about our services in a format that is easily accessible and easy to understand.

Travel information should be provided in more than one language where necessary to meet community need.

When operators modify a timetable or change a route, they will publicise the change and issue a new timetable in advance of the change taking place. The reason for the change will be explained as clearly as possible.

Bus timetables, fares, school travel and other information will be provided on our Internet sites.

Where information is provided at bus stops, it will be correct and up to date.

Timetables for services will also be available from our buses and a number of easily accessible sites including depots.

## **CLEANLINESS**

All buses in service will be cleaned internally every day and washed externally at least weekly but in most cases daily.

Public areas of company premises will be cleaned as often as required to maintain a high level of cleanliness.

Staff will be neat and tidy in appearance and in most cases will wear uniforms.

## **SAFETY**

Safety is the single most important priority for bus operators.

We are committed to maintaining operational safety through high standards of driver selection and training and through regular maintenance of vehicles.

We will ensure that routes and bus stop locations are regularly reviewed to maintain safe operations.

## **CARE FOR CHILDREN**

Care for children travelling on our buses is a key concern for all bus operators.

Where children get on to the wrong school bus, the driver will contact the depot or arrange to transfer the child to the correct bus. Children will never be left stranded.

## **LOST PROPERTY**

Where property is marked with contact details, the owner shall be advised.

Where an item can be identified as belonging to a student of a particular school, it shall be sent to the school if not claimed.

Valuable lost property shall be securely stored.

Details of enquiries about lost property shall be recorded and periodically compared with records of lost property. If the item has been found, the owner shall be contacted.

Property found on our buses will be kept for three months before being donated to a local charity.

## **STAFF**

It is the industry's policy that all staff should:

- Be polite and helpful to our customers and members of the public at all times.
- Answer inquiries accurately and pleasantly.
- Consider passenger safety and comfort when driving.
- Wear the appropriate uniform.

All staff should be appropriately trained for their duties and operators are encouraged to undertake skills training for staff where it will improve the standard of service to customers.

## **CUSTOMERS**

To assist us in providing a high quality bus service, please ensure that you:

- Signal to the driver in good time that you wish to get on or off the bus.
- Allow people off the bus before you get on.
- Say clearly where you are going, and wherever possible give the driver the exact fare.
- Hold on to the handrails provided when you stand or move down the vehicle.
- Sit down when seats are available.
- Encourage courtesy by standing for elderly or disabled passengers.

We would particularly ask you not to:

- Place your feet on seats.
- Allow your baggage to obstruct the aisles.
- Throw litter on the floor.
- Drink or eat on the bus (except for medical reasons).

## **CUSTOMER SUGGESTIONS, COMPLAINTS AND COMPLIMENTS**

In order to help us improve the service we provide for you we actively encourage feedback.

Suggestions for service improvements and complaints about existing services are vital to us if we are to achieve the objectives outlined in this charter.

When sending a written complaint, please address it to The Manager of the bus company concerned. We aim to send a written acknowledgement to such complaints within two working days.

We will then have the matter investigated and, in 90 per cent of cases, a written reply will be sent within five working days.

It is helpful to include as much detail as possible when making a complaint, such as the date and time of travel and the bus registration number, where you were leaving from and going to, and a contact phone number in case we need more information. It is also helpful if you sent your ticket with the complaint.

## CONSULTING YOU

Our charter sets out our commitment to provide the highest standards of service to passengers. It does not create any new legal relationship with you and it does not affect your legal rights or obligations in any way.

## CONTACT DETAILS

Organisation	Address	Phone	Fax	E-mail
<b>Bus and Coach Association (NSW)</b>	27 Villiers St, North Parramatta NSW 1750	9630 8655	9683 1465	
Other operators here				