IPART
New South Wales

Independent Pricing and Regulatory Tribunal

CityRail and Metropolitan and Outer Metropolitan Bus Services: Prices and Services Report 2011

Transport — Final Report
December 2011

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1 Introduction

IPART is responsible for determining maximum fares for CityRail and metropolitan and outer metropolitan bus services. In 2008 (CityRail) and 2009 (buses), we determined the maximum fares applicable for each of the subsequent 4 years. We monitor the fares that operators charge to ensure that they don't exceed the amounts we set. We also monitor the level of costs incurred by CityRail and bus operators and the level of service they deliver.

As part of our fare determinations we release an annual prices and services report for both CityRail and metropolitan and outer metropolitan bus service providers at the end of each year so that passengers can see the outcome of this process.

The NSW Government has chosen to set fares below the maximum that we have determined. This report sets out fares that will apply in 2012. It summarises the total cost of providing passenger bus and train services over the past year and how much of this was paid for by passengers. It also gives an overview of service performance over the past year.

1.1 IPART's fare determinations

In December 2008, we released our final report and determination on CityRail fares for 2009-2012.[1] In December 2009, we released our final report and determination on metropolitan and outer metropolitan bus fares for 2010-2013.[2] Key elements of our approach were:

- Determining maximum fares for a 4-year period, subject to an annual adjustment to reflect the actual change in the Consumer Price Index (CPI) each year.
- Establishing the amount of revenue required to provide services in an efficient manner. For train services, we assessed CityRail's cost efficiency over the determination period and its potential to make cost savings. For bus services, we assessed the efficient costs of providing services in the 4 largest regions, which account for three-quarters of bus trips made by fare-paying passengers.

1 IPART, *Review of CityRail fares, 2009-2012 - Final Report*, December 2008.

2 IPART, *Review of fares for metropolitan and outer metropolitan bus services from January 2010 – Final Report*, December 2009.

- Establishing how much of the required revenue should be paid by passengers through fares and how much by taxpayers. We did this by estimating the value of external benefits generated by bus and train services (separately) and considering the potential impacts on fare affordability and patronage levels.
- Converting the share of the revenue requirement to be paid by passengers into fares by setting the maximum fare for each ticket type.

Our determinations establish maximum fare levels. Each year the Government submits fares to us so that we can make sure the fares comply with the determination.

Following the introduction of MyZone, a small number of fares were temporarily removed from IPART's responsibility (see Appendix B).

1.2 Train and bus fares will increase by around an average of 5.4% in 2012

Transport for NSW wrote to IPART to advise that the NSW Government resolved to increase fares for CityRail and metropolitan and outer metropolitan bus services in 2012 to offset increases in the CPI since 2010. Transport for NSW applied a 5.55% increase to current ticket prices and then rounded to the nearest $0.20 for single rail tickets, $1.00 for longer-term periodic tickets and $0.10 for bus tickets.

Transport for NSW advised that this resulted in a weighted average increase of 5.4% based on the sales volumes of different ticket types. As a result, the actual increase in tickets ranges from 4.7% and 6.1%[3] for bus tickets and between 3.1% and 7.4% for rail tickets. This increase is below the maximum allowed under IPART's determinations.

The increase will not apply to Pensioner Excursion Tickets or Family Funday Sunday tickets, which will remain at their current price of $2.50 per ticket.

Transport for NSW will implement the new fares from Monday 2 January 2012.

1.2.1 CityRail's costs and revenue

In 2010/11 CityRail's operating costs were 6.8% higher than the level of efficient operating costs forecast in our determination. Ticket sales were largely unchanged from last year; however, there were significant shifts in the types of tickets purchased, following the introduction of MyZone, with patrons favouring lower-priced tickets.

Revenue increased marginally from last year, but was 17.4% less than that forecast in our determination. Overall, cost recovery from fares declined to 22.1% of CityRail's actual costs compared to a target of 28.5%.

3 MyBus 1 single concession fares will not change.

Key trends contributing to declining cost recovery include increased operating costs, and a decline in patronage from forecast levels, the introduction of MyZone, which reduced the price of most tickets and the former NSW Government's decision not to increase fares in January 2011.

1.2.2 CityRail's service performance has increased

Patronage and the number of services and the kilometres trains travel increased in 2010/11. However CityRail's reliability declined in 2010/11, although it remained above the target levels.

1.2.3 Metropolitan and outer metropolitan bus costs and revenue

In 2010/11, the total cost of providing services across the 15 metro and 10 outer metro regions was $1,141.1 million. This is a nominal increase of 13.1% from 2009/10, which is 5.4% higher than the nominal increase in efficient costs forecast in our 2009 determination.

Operators across metro and outer metro regions collected $325.7 million in fare revenue in 2010/11, which is a 5.4% drop from revenue collected in 2009/10 and 13.1% lower than our 2009 determination forecast. Fare revenue as a proportion of total cost was 28.5% in 2010/11, down from 34% in 2009/10.

Similarly to CityRail, key trends contributing to declining cost recovery include increased costs and lower-than-forecast patronage growth, the introduction of MyZone, which reduced the price of most tickets and the former NSW Government's decision not to increase fares in January 2011.

1.2.4 Metropolitan and outer metropolitan bus services increased

In 2010/11 patronage increased in both the metropolitan and outer metropolitan bus services and the number of timetabled bus services also increased. On time running deteriorated in the metropolitan region but improved in the outer metropolitan regions. The proportion of buses and bus services that are wheelchair accessible continued to increase in 2010/11. Transport for NSW has introduced programs to improve the accuracy of bus performance data.

1.3 Structure of this report

This report is structured as follows:

- Chapter 2 presents metro and outer metro bus and CityRail fares that will apply in 2012 and confirms that they comply with our determination.
- Chapter 3 provides an overview of CityRail costs and revenue in 2010/11 and the extent to which fare revenue covers these costs.
- Chapter 4 reviews the quality and quantity of CityRail performance in 2010/11 and trends in these indicators in recent years.
- Chapter 5 provides an overview of metro and outer metro bus costs and revenue in 2010/11 and the extent to which fare revenue covers these costs.
- Chapter 6 reviews the quality and quantity of metro and outer metro bus performance in 2010/11 and trends in these indicators in recent years.

2 Train and bus fares for 2012

The fares in our respective determinations for CityRail and metro and outer metro buses are the maximum allowable fares that may be charged in a given year. The Government may elect to implement fares below the maximum. For 2012 the Government has decided to increase fares by 5.55% before rounding, to make up for the CPI increase in 2010 and 2011, since fares have not been adjusted since April 2010. This increase is below the maximum allowed under IPART's determinations.

This chapter outlines the metro and outer metro bus and train fares that will apply in 2012 and confirms that they comply with our determinations.

2.1 Fares for 2012

Under the fare increase, an adult single rail ticket will increase in price by $0.20 - $0.40 and a weekly rail ticket will increase by $1.00 - $3.00. For buses, a single ticket will increase in price by $0.10 - $0.20 and a TravelTen will increase by $0.80 - $1.60. Newcastle time-based tickets will increase in price by $0.20 - $0.50. A comparison of current and new prices for selected CityRail tickets are shown in Table 2.1. A comparison of current and new prices for selected bus tickets (including Newcastle) are shown in Table 2.2. A comparison of current and new prices for MyMulti tickets are shown in Table 2.3.

Table 2.1 Comparison of current and new 2012 prices for rail tickets

Ticket type	Current price	2 January 2012	% increase
Single			
MyTrain1	$3.20	$3.40	6.3%
MyTrain2	$4.00	$4.20	5.0%
MyTrain3	$4.60	$4.80	4.3%
MyTrain4	$6.00	$6.40	6.7%
MyTrain5	$7.80	$8.20	5.1%
Weekly			
MyTrain1	$25.00	$26.00	4.0%
MyTrain2	$31.00	$33.00	6.5%
MyTrain3	$37.00	$39.00	5.4%
MyTrain4	$47.00	$50.00	6.4%
MyTrain5	$56.00	$59.00	5.4%
Off-peak return			
MyTrain1	$4.40	$4.60	4.5%
MyTrain2	$5.40	$5.80	7.4%
MyTrain3	$6.40	$6.60	3.1%
MyTrain4	$8.20	$8.80	7.3%
MyTrain5	$10.80	$11.40	5.6%

Source: Transport for NSW.

Table 2.2 Comparison of current and new 2012 prices for bus tickets

Ticket type	Current price	2 January 2012	% increase
Single			
MyBus1	$2.00	$2.10	5.0%
MyBus2	$3.30	$3.50	6.1%
MyBus3	$4.30	$4.50	4.7%
TravelTen			
MyBus1	$16.00	$16.80	5.0%
MyBus2	$26.40	$28.00	6.1%
MyBus3	$34.40	$36.00	4.7%
Newcastle time-based			
1 hour	$3.30	$3.50	6.1%
4 hour	$6.40	$6.80	6.3%
All day	$9.80	$10.30	5.1%
TimeTen 1 hour	$26.80	$28.30	5.6%

Source: Transport for NSW.

Table 2.3 Comparison of current and new 2012 prices for MyMulti tickets

Ticket type	Current price	2 January 2012	% increase
MyMulti1	$41.00	$43.00	4.9%
MyMulti2	$48.00	$51.00	6.3%
MyMulti3	$57.00	$60.00	5.3%
MyMulti Day	$20.00	$21.00	5.0%

Source: Transport for NSW

The increased fares continue to comply with our determinations. Under our determinations:

- The maximum allowable fare for rail tickets allows an average 4.6% increase in real terms or 10.6% in nominal terms (including the effects of inflation as it is calculated in our 2008 determination) from 2010 levels.
- The maximum allowable fare for bus tickets allows an average 2.8% increase in real terms or 9.2% in nominal terms (including the effects of inflation as it is calculated in our 2009 determination) from 2010 levels.

CityRail's farebox revenue in 2012 will be around $34.3 million lower than if fares equalled the maximum allowed under our determination. Bus farebox revenues in 2012 will be around $12.3 million lower than if fares equalled the maximum allowed under our determination.[4]

4 Based on current patronage levels.

The prices of MyTrain adult single and weekly tickets compared to our maximum allowable fare for the equivalent ticket type are shown in Table 2.4. Return tickets, which are twice the single price and off-peak fares, which are a 30% discount on the normal adult return price, are shown in Table 2.5. Concession fares are half of the full adult fare price.[5] Fares for other ticket types are available from the CityRail website.

Table 2.4 Adult single and adult weekly rail tickets

	Adult single		Adult weekly	
Distance (km)	Maximum allowable fare 2012[a]	MyTrain fare 2012	Maximum allowable fare 2012[a]	MyTrain fare 2012
0-5	$3.40	$3.40 (MyTrain1)	$28.00	$26.00
5-10	$3.80		$31.00	
10-15	$4.40	$4.20 (MyTrain2)	$35.00	$33.00
15-20	$4.80		$38.00	
20-25	$5.20	$4.80 (MyTrain3)	$42.00	$39.00
25-30	$5.60		$45.00	
30-35	$6.00		$48.00	
35-45	$7.00	$6.40 (MyTrain4)	$52.00	$50.00
45-55	$7.80		$55.00	
55-65	$8.60		$59.00	
65-75	$9.60	$8.20 (MyTrain5)	$62.00	$59.00
75-85	$10.40		$64.00	
85-95	$11.20		$67.00	
95-105	$12.20		$69.00	
105-115	$13.00		$71.00	
115-125	$13.80		$76.00	
125-135	$14.80		$81.00	
135-155	$16.40		$87.00	
155-175	$18.20		$91.00	
175+	$22.00		$101.00	

a Under IPART's 2008 CityRail determination.

Note: Prices include GST.

Source: IPART and Transport for NSW.

5 IPART does not determine concession fares, the fare for pensioner excursion ticket (PET) or the School Student Transport Scheme. However, concession fares cannot be more than half of the full fare.

Table 2.5 Adult return and Adult off-peak return rail tickets

	Adult return		Adult off-peak return	
Distance (km)	Maximum allowable fare 2012[a]	MyTrain fare 2012	Maximum allowable fare 2012[a]	MyTrain fare 2012
0-5	$6.80	$6.80	$4.80	$4.60
5-10	$7.60		$5.40	
10-15	$8.80	$8.40	$6.00	$5.80
15-20	$9.60		$6.60	
20-25	$10.40	$9.60	$7.20	$6.60
25-30	$11.20		$7.80	
30-35	$12.00		$8.40	
35-45	$14.00	$12.80	$9.60	$8.80
45-55	$15.60		$11.00	
55-65	$17.20		$12.20	
65-75	$19.20	$16.40	$13.40	$11.40
75-85	$21.00		$14.60	
85-95	$22.00		$15.80	
95-105	$24.00		$17.00	
105-115	$26.00		$18.20	
115-125	$28.00		$19.40	
125-135	$30.00		$21.00	
135-155	$33.00		$23.00	
155-175	$36.00		$25.00	
175+	$44.00		$31.00	

a Under IPART's 2008 CityRail determination.

Note: Prices include GST.

Source: IPART and Transport for NSW.

The price of MyBus adult single and TravelTen tickets are shown in Table 2.6. Return tickets are twice the single price and concession fares are half of the full adult fare price.[6]

6 IPART does not determine concession fares, the fare for pensioner excursion ticket (PET) or the School Student Transport Scheme. However, concession fares cannot be more than half of the full fare.

Table 2.6 Adult single and TravelTen bus tickets

	Adult single		Adult TravelTen	
Section	**Maximum allowable fare 2012[a]**	**MyBus fare 2012**	**Maximum allowable fare 2012[a]**	**MyBus fare 2012**
1 to 2	$2.10	$2.10 (MyBus1)	$17.10	$16.80
3 to 5	$3.60	$3.50 (MyBus2)	$28.80	$28.00
6 to 9	$4.70		$37.80	
10 to 15	$5.60	$4.50 (MyBus3)	$45.00	$36.00
16+	$6.90		$54.90	

a Under IPART's 2009 metro and outer metro bus determination.

Note: Prices include GST.

Source: IPART and Transport for NSW.

The price of Newcastle time-based fares are shown in Table 2.7.

Table 2.7 Newcastle time-based fares

Sections	Maximum allowable fare 2012[a]	Actual fare 2012
1 Hour	$3.60	$3.50
4 Hours	$7.00	$6.80
TimeTen 1 Hour	$29.40	$28.30
All Day	$10.70	$10.30

a Under IPART's 2009 metro and outer metro bus determination.

Note: Prices include GST.

Source: IPART and Transport for NSW.

Under MyZone, the Government replaced all multi-mode TravelPasses with 3 'MyMulti' tickets. These tickets include unlimited travel on bus (including private buses) and ferry plus train travel in 3 zones. In addition, the DayTripper ticket was replaced with the MyMulti Day ticket.[7] An approximate comparison of former TravelPass and MyMulti prices for 2012 is shown in Table 2.8. Prices for other ticket types are shown in Table 2.9.

7 IPART's responsibility for determining the maximum allowable price for the MyMulti Day ticket has been temporarily removed.

Table 2.8 MyMulti adult ticket prices (single)

Zone	Maximum allowable fare 2012	MyMulti fare 2012
Blue[b]	$38.20	$43
Orange[b]	$48.40	(MyMulti1)
Pittwater[b]	$65.20	
2-zone[b]	$38.20	
Red[a]	$48.00	
Green[a]	$55.00	$51
Yellow[a]	$58.00	(MyMulti2)
Pink[a]	$65.00	$60
Purple[a]	$71.00	(MyMulti3)
Daytripper[a]	$20.80	$21
		(MyMulti Day)

[a] Under IPART's 2008 CityRail determination. These products are no longer available.

[b] Under IPART's 2009 metro and outer metro bus determination. These products are no longer available.

Note: Prices include GST.

Source: IPART and Transport for NSW.

Table 2.9 Other ticket types

Ticket	Maximum fare 2012[a]	MyZone fare 2012
Sports special single	$3.60	$3.50
Sports special return	$6.30	$6.10
School term pass	$50.70	$48.80

[a] Under IPART's 2009 metro and outer metro bus determination.

Note: Prices include GST.

Source: IPART and Transport for NSW.

3 Costs of providing CityRail services and cost recovery

Our 2008 final report set out our view on the efficient level of operating and capital costs for providing CityRail's services – this was the basis for our decision on how much revenue CityRail requires each year.[8] The report also sets out what share of CityRail's revenue should be paid by passengers and what share by taxpayers – this was the basis for our decision on the level of fares. This chapter provides an overview of CityRail's actual costs in 2010/11 and the level of cost recovery from fares.

3.1 CityRail's costs over the past year

In 2010/11, CityRail's operating costs were $2,281 million, which is 6.8% higher than our estimate of the efficient level of operating costs for CityRail in our determination in real terms (Table 3.1).

Table 3.1 CityRail forecast and actual costs 2010/11 (nominal $ millions)

2009/10	Forecast in determination	Actual
Operating costs	2053	2,281
Depreciation (regulatory)	386	381
Return on assets (regulatory)	657	623
Total costs	**3,096**	**3,284**

Source: IPART forecasts and RailCorp.

Transport for NSW advised that while CityRail continued to progress efficiency improvements in key operating areas, the rate of progress and size of these projected savings was not enough to achieve the estimate identified in our determination. Transport for NSW advised that the pace of reform was broadly consistent with its expectations and the policy settings of the former Government.

8 IPART, *Review of CityRail fares, 2009-2012 – Final Report*, December 2008.

Specifically, among a number of reform initiatives, CityRail has programs underway (or completed) to deliver efficiency improvements in:

- Rolling stock maintenance – up to $10 million per annum.
- Infrastructure maintenance – up to $5 million per annum.
- Station staffing reform $20 million per annum.
- Cleaning reform up to $20 million per annum.
- Train Crewing up to $20 million per annum.
- Support functions up to $20 million per annum.

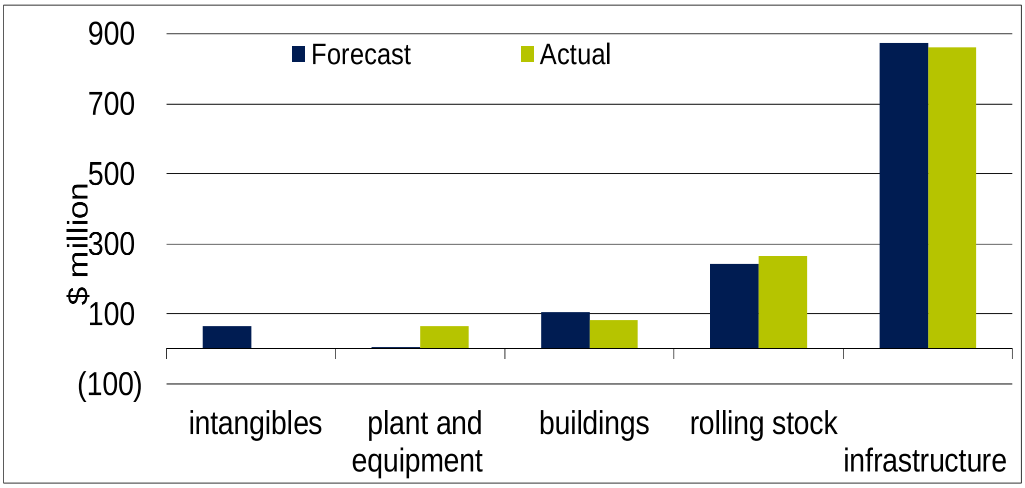
CityRail's capital expenditure was $1,274 million, which was below the $1,288 million forecast in our determination (Table 3.2).

Table 3.2 IPART forecast and CityRail actual capital expenditure (nominal $million)

	2008/09		2009/10		2010/11		2011/12
	forecast	actual	forecast	actual	forecast	actual	forecast
Capital expenditure	3,437	3,217	1,369	1,199	1,288	1,274	1,059

a Includes $2.350m Epping-Chatswood rail link.
b Includes $2.347mEpping-Chatswood rail link.
Note: Inflation of 2.5% per annum was assumed for 2011/12.
Source: IPART forecasts and RailCorp.

Figure 3.1 CityRail forecast and actual capital expenditure 2010/11 ($million)



Data source: IPART forecasts and RailCorp.

3.2 Revenue and cost recovery

In our 2008 determination, maximum fares were determined so that, on average across the 4-year period, around 28% of the revenue we assessed as being required to efficiently provide CityRail services would be recovered through fares.[9]

In 2010/11, CityRail collected $661 million in fare revenue, which accounted for around 22% of CityRail's net revenue requirement. Fare revenue was 1.4% higher than fare revenue collected in 2009/10 ($652 million).

Table 3.3 CityRail revenue and cost recovery from 2008/09 to 2010/11 (nominal $ millions)

	2008/09	2009/10	2010/11
Total costs	**2,611**	**2,964**	**3,284**
concession funding and other revenue	285[a]	293[a]	290 [a]
Net costs	**2,325**	**2,672**	**2,994**
revenue from fares	638	652	661
% net costs recovered from fares	**27%**	**24%**	**22%**

[a] Estimated from forecast.

Source: IPART and RailCorp.

3.3 Ticket sales

Total ticket sales in 2010/11 were largely unchanged from 2009/10; however, there were significant changes in the volume of sales of some ticket types. Following the introduction of MyZone, there was a shift away from higher-cost MyTrain ticket types in favour of cheaper MyMulti alternatives.

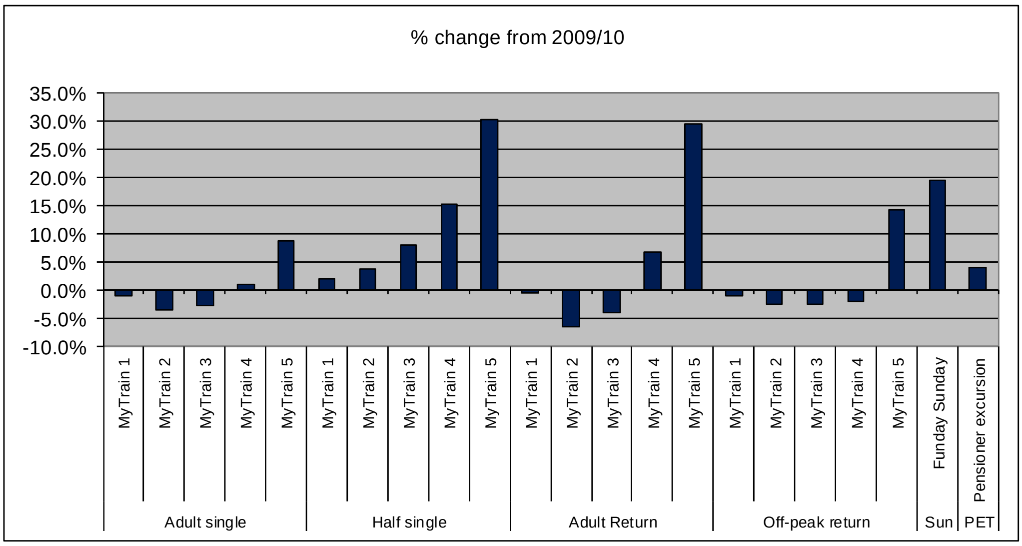
For adult single tickets, there was a slight decrease in ticket sales in the 5-35km categories (MyTrain1 – MyTrain3), but an 8.7% increase in sales of tickets for 65+km (MyTrain5). For return tickets, there was a 29.5% increase in sales of 65+km tickets and increase of 6.8% in 35-65km tickets, but a small decline in other ticket types.

There was a significant decrease in sales of most periodic tickets, particularly for journeys of 35+km, combined with an increase in sales of MyMulti cross-modal tickets as a result of the relative price favourability of the MyMulti products.

Figures 3.2 to 3.4 show how sales of selected ticket types have changed between 2009/10 and 2010/11.

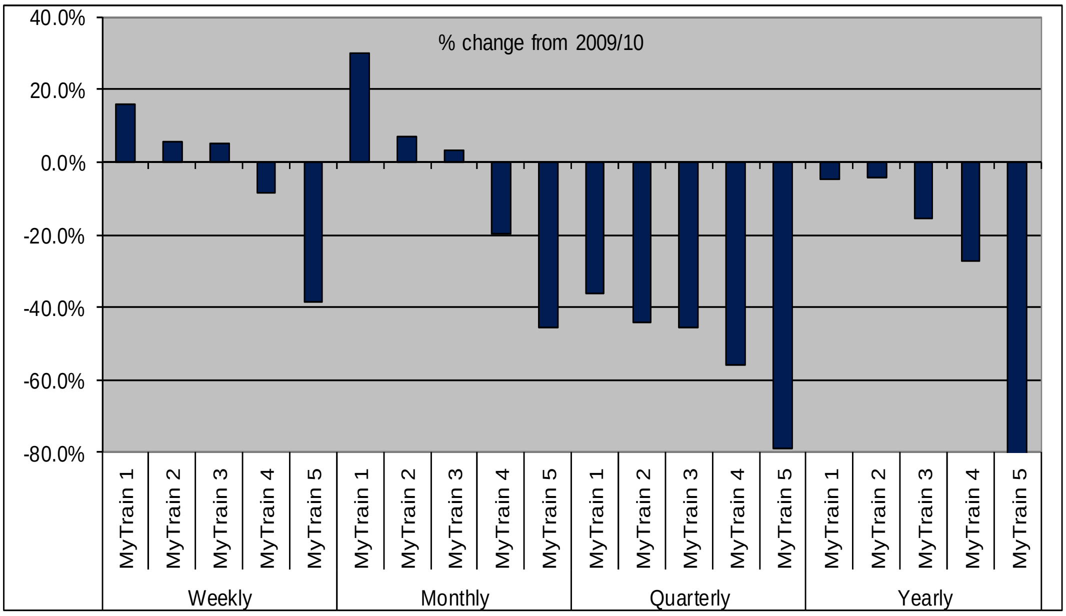
[9] IPART, *Review of CityRail fares 2009-2012 - Final Report*, December 2008, p 106.

Figure 3.2 Change in ticket sales in 2010/11 – single tickets by MyTrain category



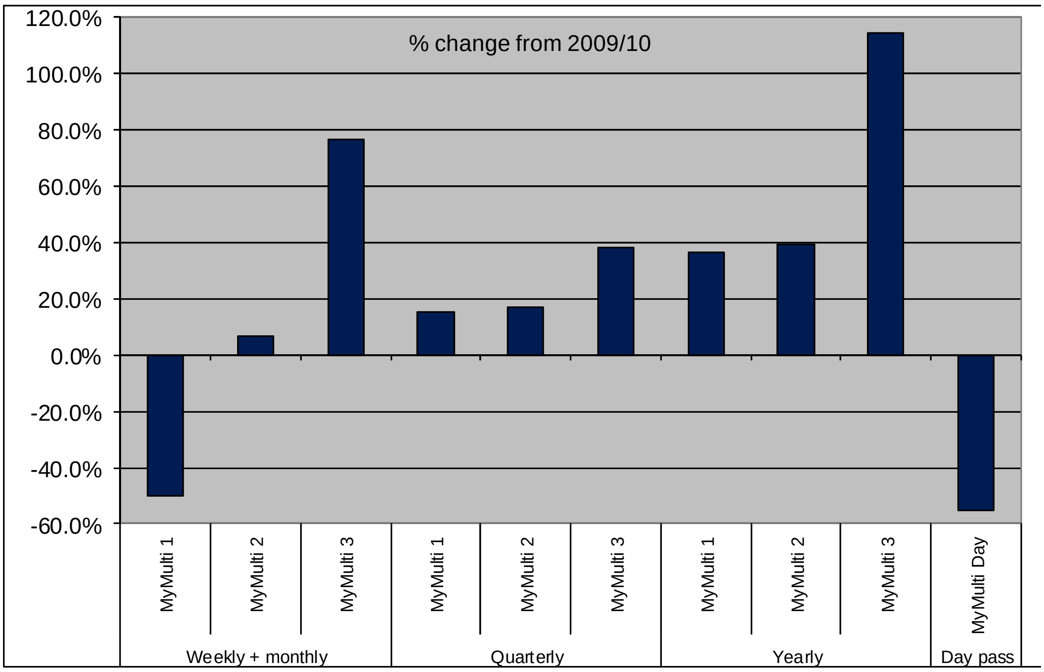
Data source: RailCorp; Transport for NSW.

Figure 3.3 Change in ticket sales in 2010/11 – Periodic tickets by MyTrain category



Data source: RailCorp; Transport for NSW.

Figure 3.4 Change in ticket sales in 2010/11 – Periodic tickets by MyMulti category



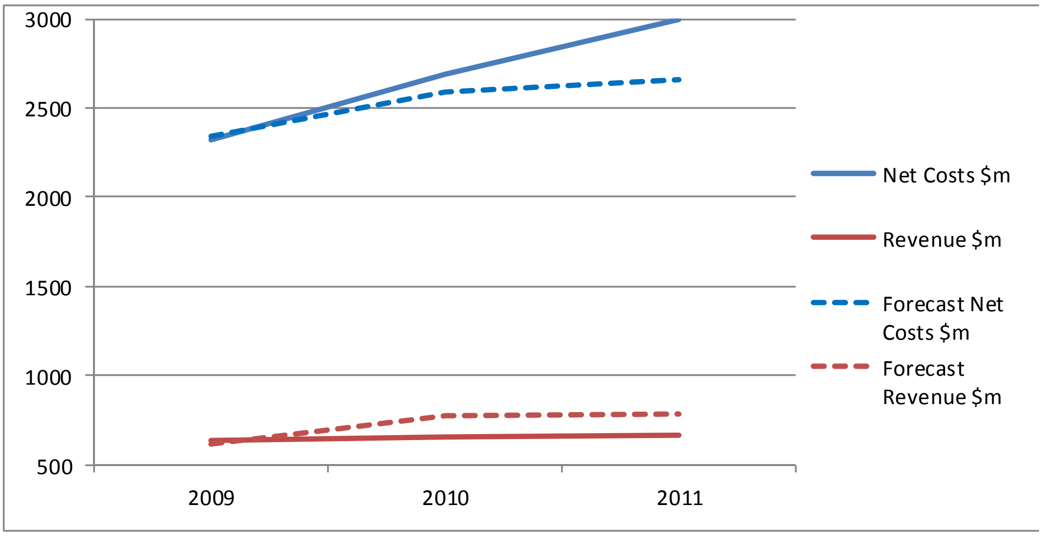
Data source: RailCorp; Transport for NSW.

In July 2011, the NSW Government reduced the price of monthly, quarterly and yearly MyTrain and MyMulti tickets by 9%. While this does not affect sales of these ticket types in 2010/11, RailCorp predicts that there will be a larger shift towards these fare types in 2012.

3.4 Cost and revenue drivers

Cost recovery for CityRail has been declining over the last 3 years. Cost recovery can be affected by 2 factors – an increase in costs or a decrease in fare revenue (Figure 3.5).

Figure 3.5 Forecast versus actual costs and revenue



Data source: RailCorp; Transport for NSW.

In 2010/11, CityRail's actual operating costs were 6.8% above the forecast efficient costs in our determination or $227 million higher in real terms. In 2009/10, operating costs were around 2% higher than forecast. This trend upwards in costs raises some concerns due to the impact that it has on cost recovery – of around 1.8% in 2010/11.

There are 3 factors that have contributed to a reduction in forecast fare revenue over the last 3 years:

- a decrease in patronage growth as a result of a slowdown in CBD employment growth which reduced patronage growth
- the introduction of MyZone, which resulted in 94% of fares being the same price or cheaper
- the former Government's decision not to increase CityRail fares in January 2011.

In 2009/10, RailCorp advised that the downturn in economic conditions had a significant effect on patronage, because it reduced employment in the CBD where CityRail has a 50% mode share of journeys to work. The lower than expected patronage growth over the last 4 years has resulted in a $64 million reduction in forecast farebox revenue. This results in a 2.1% reduction of cost recovery. The decline in patronage growth is the only factor that falls largely outside of the Government's control. Nonetheless, it has had a significant impact on cost recovery.

In 2009/10, RailCorp also advised that there was a $9.3 million reduction in farebox revenue due to the introduction of MyZone, which made many tickets cheaper. Based on MyZone being introduced in April 2010, the financial impact of MyZone for the 2010/11 year is likely to have been in the order of $37.2m or 1.2% of cost recovery. Although the introduction of MyZone resulted in an increase in sales of lower-priced tickets, this appears to have been mostly offset by a reduction in sales of higher-priced tickets.

Under our 2008 determination, our recommended maximum fare increase for 2011 was an average of 2.4% in real terms or 5.1% including inflation. The impact of the Government's decision not to increase fares in January 2011 amounted to around $17 million (for the 6 months to June 2011) or 0.6% of cost recovery. This combined impact of these factors, together with increasing operating costs has resulted in a 5.7% reduction in potential cost recovery (Table 3.4).

Table 3.4 Drivers of cost recovery in 2010/11 (%)

	%
No fare increase in January 2010	0.6%
Introduction of MyZone	1.2%
Patronage not as high as forecast	2.1%
Increased operating costs	1.8%
Total	**5.7%**

Source: IPART and RailCorp.

4 CityRail performance

We consider that regular service performance reporting is necessary because it improves accountability and provides transparency about services levels. For the last 2 years we have reported on CityRail's performance against a number of indicators of service outcomes, based on the recommendations in our 2008 report 'Improving CityRail's accountability and incentives through an effective service contract'. This chapter reviews CityRail's performance in 2010/11 on the same indicators. It analyses trends in the quantity and quality of CityRail services and compares performance to targets where they have been set.

CityRail's performance benchmarks and targets are set out in RailCorp's Rail Services Contract.[10] We made a number of recommendations in our 2008 report on improving public reporting on CityRail service performance. We are pleased that:

- The Rail Services Contract is now publicly available.
- The Rail Services Contract is being revised in light of experience and reports of RailCorp's performance against performance benchmarks in the contract and will be published on the Transport for NSW website.
- Processes and systems are being introduced to improve the quality of performance information and allow for more reporting of information by line and in off peak periods.[11]
- Transport for NSW and RailCorp have agreed that in future contract service performance monitoring will be extended[12]:

10 Until 31 December 2008, RailCorp was a state owned corporation with benchmarks and targets set in a Statement of Corporate Intent and in the Rail Performance Agreement which was agreed to by the board and the portfolio Minister. On 1 January 2009 RailCorp became a statutory authority subject to the direction and control of the Minister for Transport. From 1 July 2009 the Rail Services contract are the relevant agreements with Treasury and Transport NSW.

11 For example, Transport for NSW advise that RailCorp has been developing new systems for analysing train performance and has introduced improved data verification processes that will allow for improved reporting of off peak services. (Correspondence with Transport for NSW, December 2011).

12 Correspondence from Transport for NSW, December 2011.

- Train on time running (currently monitored at Central or at destination) will be measured at 6 business centres in addition to Central (Parramatta, Chatswood, Liverpool, Penrith, Newcastle and Wollongong) and the hours of monitoring will be extended to 6 am to 10 am (currently 6 am to 9 am) and from 3 pm to 7 pm (currently 4 pm to 6 pm).
- A new measure of customer delay will be introduced. It will measure the difference between a customer's scheduled and actual time of arrival at their destination station.

4.1 Overview

In 2010/11, CityRail patronage increased by 1.8% and CityRail provided more services than in previous years. However the reliability of services declined:

- The percentage of peak hour trains running on time fell to 94.6% (from 95.9% in 2009/10) but remained above the target of 92% of peak hour trains arriving at their destination on time. For 2 consecutive years CityRail has achieved its on time running target on all suburban lines in the network. On time running on the South Coast line fell substantially – to 89.6% (from 95.2% in 2009/10), below the target.
- The percentages of peak hour trains that were cancelled or skipped stops both increased slightly to 0.38% and 0.36% respectively although performance remained better than the target of 0.5%.
- The total number of minutes (per year) that trains were delayed increased by 35% in 2010/11. This figure had been falling over the previous 3 years.

Performance on other aspects of the quality of service varied:

- There was less crowding on peak hour trains than in 2009/10.
- Indicators of passenger comfort (age of fleet and % of air conditioned trains) improved or remained at the same level as 2009/10.
- There was a reduction in passenger security (measured as offences reported per million passenger journeys) which increased to 9 offences reported per million passenger journeys (8.69 in 2009/10).

From 2004 to 2010 the Independent Transport Safety and Reliability Regulator (ITSRR) carried out an annual survey of CityRail passengers and in 2009 and 2010 a survey of metropolitan bus passengers. We have previously reported on the CityRail survey's findings on trends in satisfaction with different aspects of service. In 2011 the Bureau of Transport Statistics (BTS) developed a new survey methodology and surveyed users of train, bus and ferry services using similar questions for each mode which allow for comparisons across modes. The BTS survey findings cannot be compared to the previous surveys conducted by ITSRR as the survey methodology, some of the questions and the satisfaction rating scale differ.

The BTS plan to repeat the survey annually and in 2012 plan to widen the survey to include taxis, outer metropolitan buses, CountryLink trains and private ferries. They propose to incorporate a customer satisfaction index as part of future surveys.

The 2011 BTS survey found that 81% of train passengers were satisfied overall with the service. This is a lower incidence of satisfaction than for ferry passengers (96%) and bus passengers (86%). Although we cannot compare findings with previous surveys, BTS asked people if they thought the train service had improved or worsened. Thirty six per cent of train customers thought the train service was better or much better than 12 months ago and 7% though it was worse or much worse.[13]

Train passenger's expressed highest levels of satisfaction with:

- Ability to catch the train you intended to (87%).
- Ease of boarding the train (86%).
- Ease of understanding signage (83%).
- Ease of purchasing your ticket (81%).

Train passenger's expressed highest levels of dissatisfaction with:

- Cleanliness of the train (32% dissatisfied).
- Availability of parking near the station (32%).
- Ease of understanding announcements on trains (22%).
- Comfort at the station (22%).
- Frequency of service (21%).

Train travellers on the Eastern suburbs, Blue Mountains, Central Coast and South Coast lines were the most satisfied overall with the rail service (with 85% or more people satisfied). Train travellers on the Carlingford and Cumberland lines were the most dissatisfied (22% and 10% dissatisfied respectively).[14] The Carlingford and Cumberland lines have low frequency services which do not proceed to Central. As peak hour reliability performance is measured for trains that arrive or depart the CBD, measures of peak hour service reliability on these lines (and Olympic Park line) are not included in peak hour reliability data discussed below.

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13 Bureau of Transport Statistics, *2011 Transport customer survey - customer satisfaction with Public Transport Services*, 2011, p 25.

14 Bureau of Transport Statistics, *2011 Transport customer survey - customer satisfaction with Public Transport Services*, 2011, p 27.

4.2 Quantity of services

There are a number of indicators of service quantity. This section considers patronage (number of passenger journeys), number of services and kilometres of services. CityRail's performance in 2010/11 using these indicators is discussed in the following sections.

4.2.1 Patronage

In 2010/11, CityRail patronage was estimated to be 294.5 million passenger journeys, an increase of 1.8% over the previous year. This year Transport for NSW and RailCorp reviewed the methodology for measuring rail patronage.[15] The new method results in lower patronage figures but did not materially change historical growth patterns (see Figure 4.1). The growth in passenger journeys is a turnaround from a 1.1% decline in patronage in 2009/10.[16] RailCorp has advised the Auditor-General that the patronage increase in 2010/11 is mainly due to improved economic conditions and to additional services and new trains incorporated into the October 2010 revised timetable.[17]

The 1.8% growth in patronage differs from the forecast we used in determining fares for 2009 to 2012. We assumed an annual patronage growth of 2.5% in 2010/11. However the previous method of patronage estimation indicates 3% patronage growth in 2010/11 – higher than the forecast for 2010/11 used in our determination.[18]

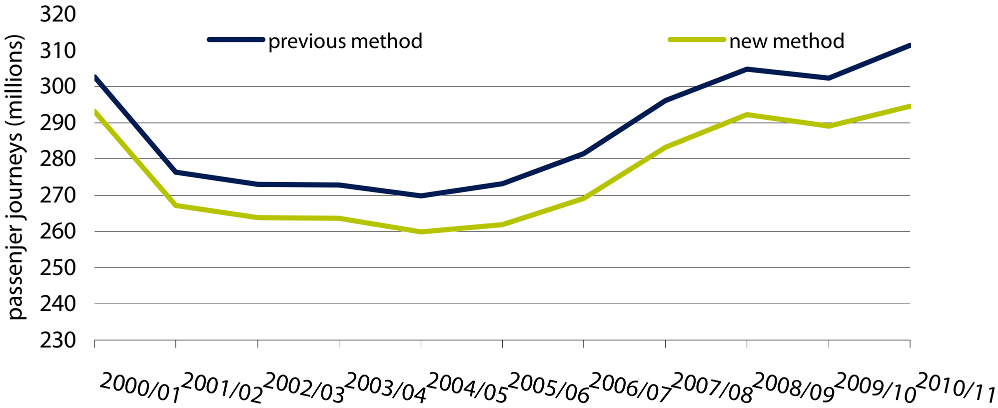
15 Estimates of CityRail patronage are based on estimates of paid and unpaid journeys. Paid journeys are calculated from ticket sales and journey multipliers derived from surveys and automatic gate analysis. Unpaid journeys include free school passes, fare evasion, employee/Gold pass, ex servicemen, disabled and police. Unpaid journeys had been treated as a constant for the past 10 years. Estimates of unpaid journeys are now based on the number of passes issued and usage rates as revealed by surveys and use of automatic gates. For further information see Bureau of Transport Statistics (BTS) Infosheet, *Enhanced methodology for rail patronage measurement*, October 2011.

16 For information, using the old method of patronage estimation passenger journeys increased by 3% in 2010/11 and fell by 0.8% in 2009/10.

17 NSW Auditor-General, *Report to Parliament, volume 8 – transport and ports*, 2011, p 91.

18 IPART, *Review of CityRail fares, 2009-2012*, December 2008, p 86.

Figure 4.1 CityRail passenger journeys 2000/01 to 2010/11



Data source: Bureau of Transport Statistics, *Infosheet - Enhanced methodology for rail patronage measurement*, 2011.

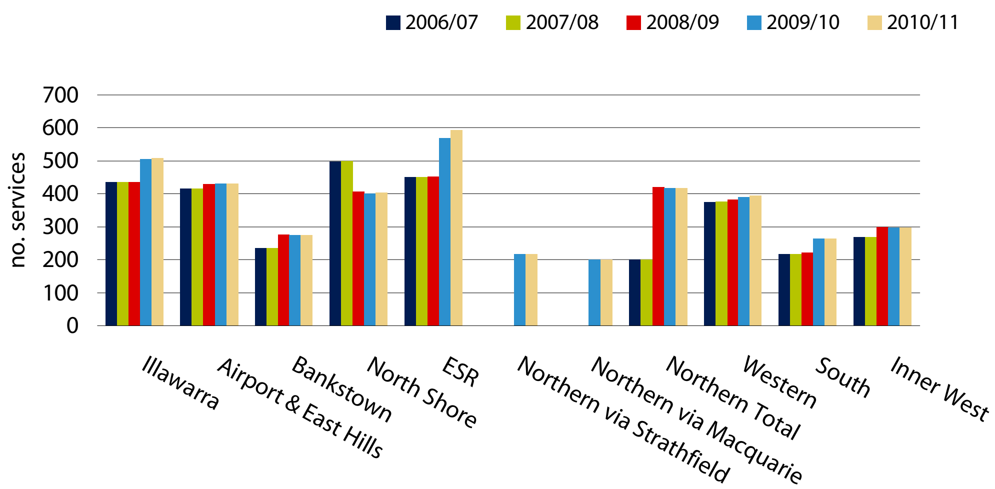
4.2.2 Number of services

The number of timetabled CityRail services per week continued to increase in 2011, growing by 1%. Increases in weekday service levels on the Eastern Suburbs line accounted for most of this growth.

Figure 4.2 to Figure 4.5 illustrate growth in the number of total, weekday and weekend timetabled services to the city by line since 2006/7.[19] In 2011 CityRail increased services on the Eastern Suburbs line by providing an extra 2 to 3 services per hour on weekdays between 9 am and 4 pm and 7 pm to 9 pm. The number of weekday service increased (by 3 to 4 services per day) on the Illawarra, Western and North Shore lines. There were also increases in weekend services on the Blue Mountains (3 additional services) and South Coast (2 additional services) lines.

19 The trends in timetabled services from the city are broadly the same.

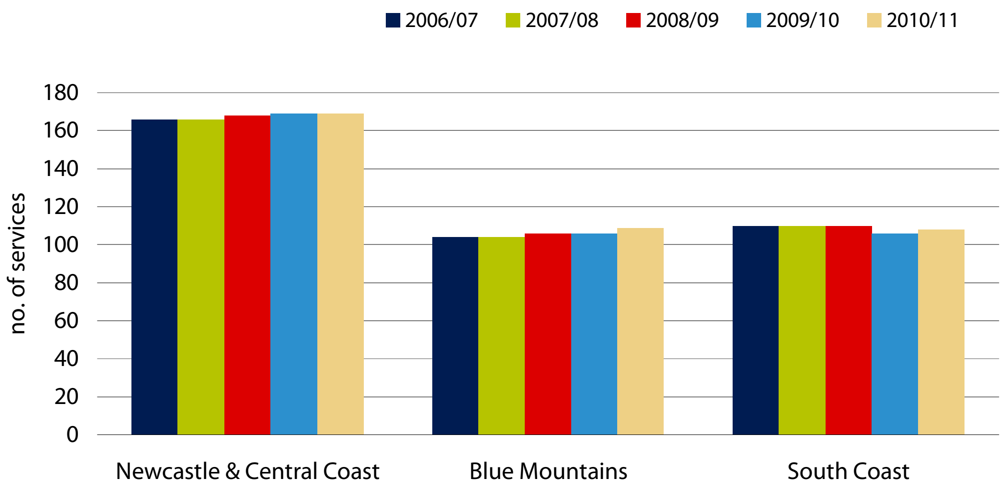
Figure 4.2 CityRail number of services by suburban line, 2006/07-2010/11



Note: For 2009/10 and 2010/11 the Northern line has been reported as total northern line as well as broken into Northern line via Strathfield and Northern line via Macquarie Park (ie, via the Epping-Chatswood line). This Northern total has been included to provide some historical context.

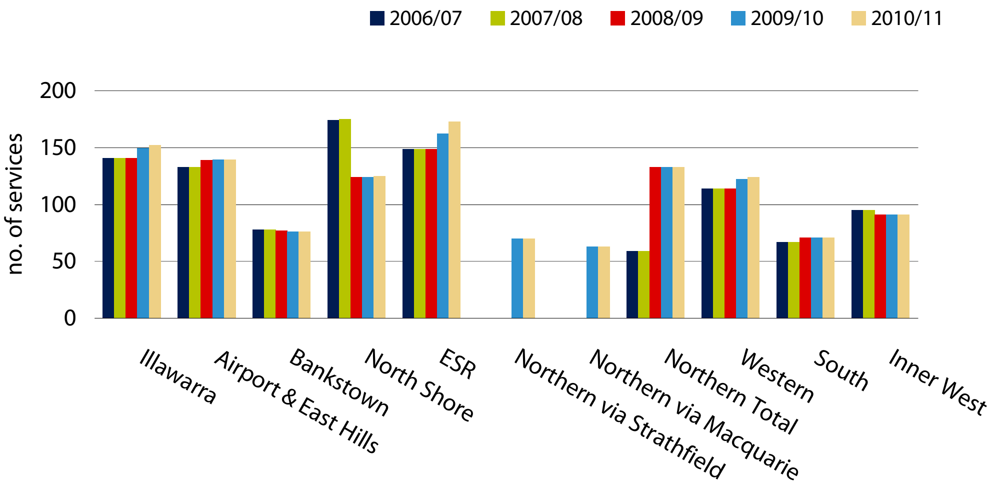
Data source: Transport for NSW.

Figure 4.3 CityRail number of services by intercity line, 2006/07-2010/11



Data source: Transport for NSW.

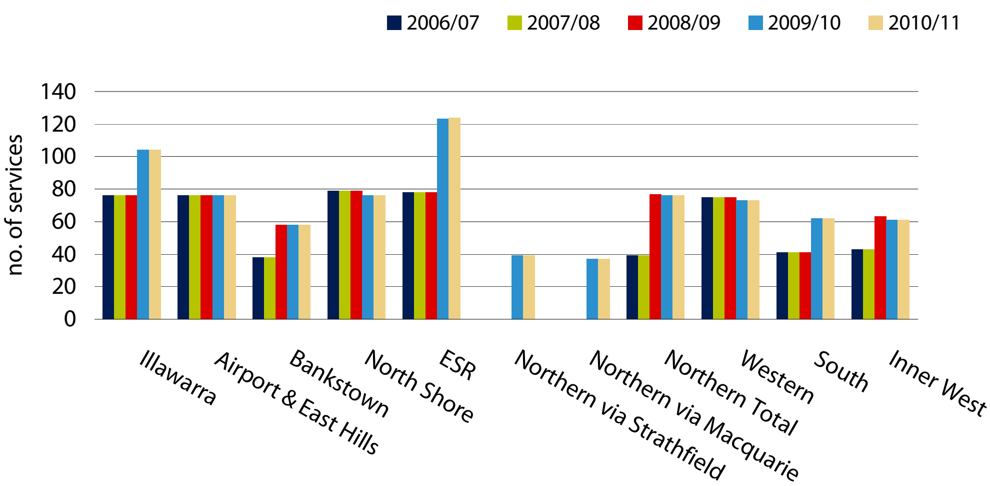
Figure 4.4 CityRail number of weekday services to the city, suburban lines, 2006/07 to 2010/11



Data source: Transport for NSW.

Note: For 2009/10 and 2010/11 the Northern line has been reported as total northern line as well as broken into Northern line via Strathfield and Northern line via Macquarie Park (ie, via the Epping-Chatswood line). This Northern total has been included to provide some historical context.

Figure 4.5 CityRail number of weekend services to the city, suburban lines, 2006/07 -2010/11



Data source: Transport for NSW.

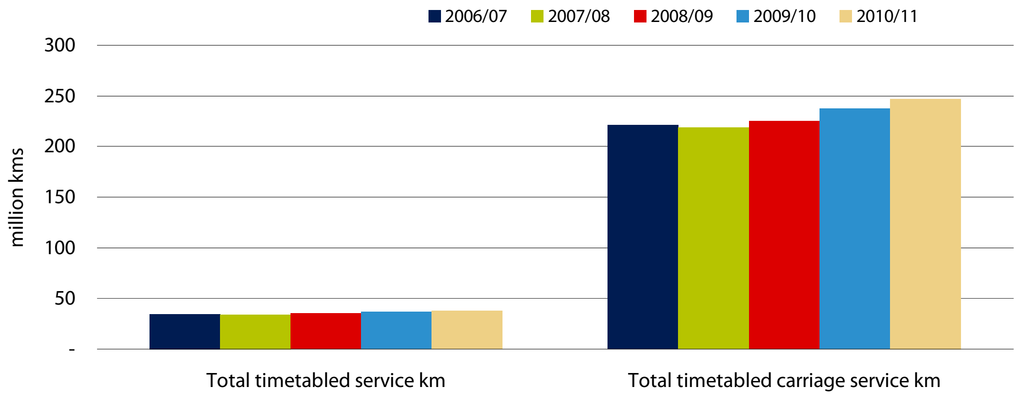
Note: For 2009/10 and 2010/11 the Northern line has been reported as total northern line as well as broken into Northern line via Strathfield and Northern line via Macquarie Park (ie, via the Epping-Chatswood line). This Northern total has been included to provide some historical context.

4.2.3 Service kilometres

The quantity of CityRail services measured as the number of timetabled train and carriage service kilometres[20] continued to increase in 2010/11 (see Figure 4.6). Train service kilometres increased 2.9% and carriage service kilometres increased 4% in 2010/11. Contributors to this growth were:

- the extension of some Sutherland services to commence at Cronulla, and
- replacing 6 car trains with 8 car trains on selected services on the Newcastle and Central Coast, South Coast and Blue Mountains lines.

Figure 4.6 CityRail annual train and carriage service kilometres, 2006/07-2010/11



Data source: Transport for NSW.

4.3 Quality of services

The following sections review the quality of CityRail services in 2010/11 - their reliability, crowding, safety and comfort. Not all information is collected or can be reliably disaggregated by line or by time of day (peak versus off peak). The indicators of service quality include:

- Reliability of services measured by on-time running, skipped stops, and cancelled services.
- Journey delays and journey time, based on average timetabled train speed and total annual delay minutes.
- Crowding on trains in peak periods for each line of the CityRail network.

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20 Service kilometres refer to the total kilometres that timetabled revenue generating services travel. Carriage service kilometres are the total kilometres travelled by all carriages on timetabled revenue generating CityRail services.

- Passenger security estimated by offences against the person per million passenger journeys[21], derived from the Bureau of Crime Statistics and Research data.
- Passenger comfort – estimated by the percentage of fleet less than 10 years old.

Reliability of services – on time running, skipped stops and train cancellations

In 2010/11, CityRail peak hour on time running[22] fell slightly across the network as whole, from 95.9% in 2009/10 to 94.6% in 2010/11, although it remained above the target of 92%. The most common causes of peak delays in 2010-11 were signal infrastructure failures, track obstructions and flooding caused by heavy rain.[23] RailCorp advise that it has addressed the increase in infrastructure incidents by investigating and addressing the causes of points and track failures, rebuilding track on Northern, Western and South lines and undertaking critical maintenance work and infrastructure upgrades.[24]

On time running performance can vary widely – throughout the year and on different lines. (See Figure 4.7). Outside the peak, on time running also reduced but, and was generally better than the performance in peak hour. CityRail does not publicly release on time running data for off-peak periods because it is not verified or audited.

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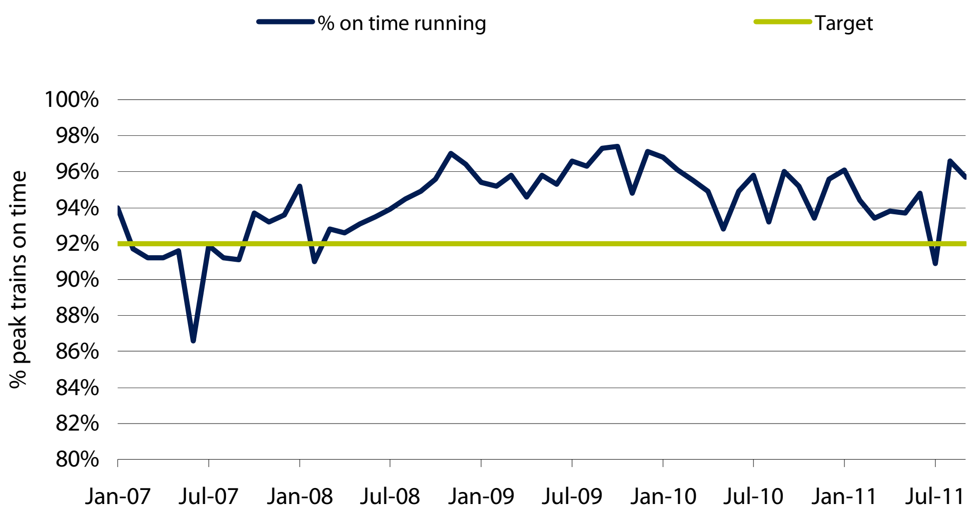
21 'Offences against the person' includes assault, robbery, sexual offences and stealing from a person which occurs on or next to railway property. Statistics reflect incidents reported and recorded by NSW Police.

22 On time is defined as the percentage of CityRail trains arriving at, or departing from Central station that are on time at their destination. 'On time' is defined as within 5 minutes of the timetabled time for suburban services and within 6 minutes of the timetabled time for intercity services.

23 NSW Auditor-General, *Report to Parliament, volume 8 – transport and ports*, 2011, p 97.

24 Correspondence with Transport for NSW, December 2011.

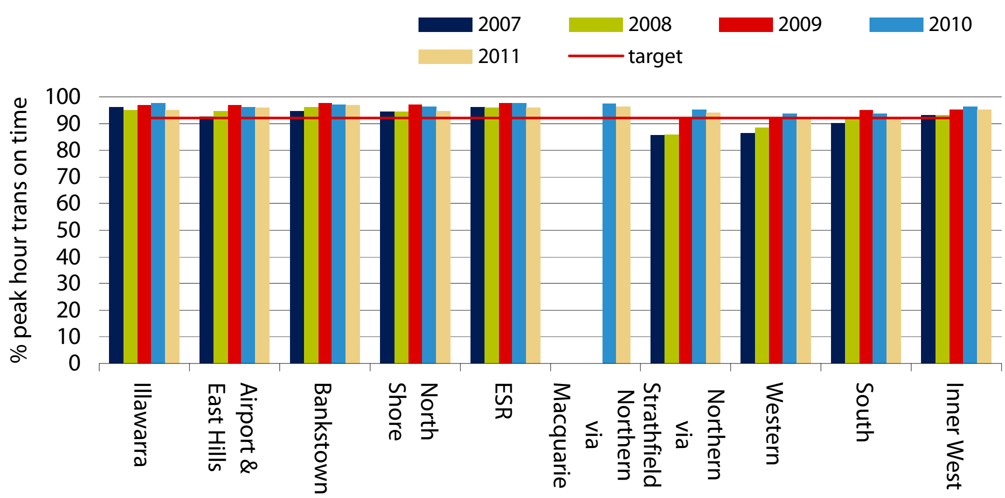
Figure 4.7 CityRail peak on time running, 2006/07 to 2010/11



Data source: Transport for NSW.

On time running varies across the network (Figure 4.8 and Figure 4.9), but in 2010/11 on time running in peak hours was at or above CityRail's target of 92% on all suburban lines. Figure 4.8 indicates that this is the first time CityRail has achieved this target in 2 consecutive years since before 2007.

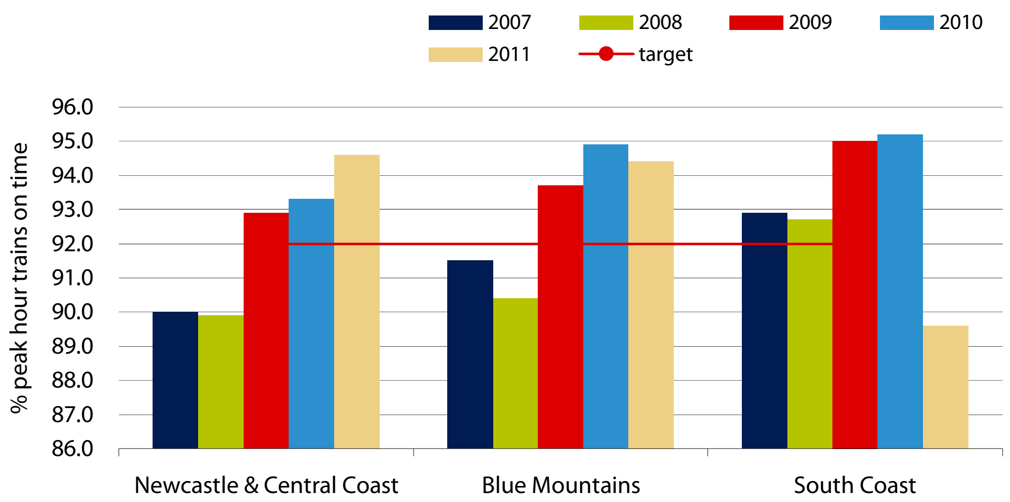
Figure 4.8 CityRail peak hour on time running by suburban line, 2006/07 to 2010/11



Data source: Transport for NSW.

Peak hour on time running performance fell in 2010/11 on the Blue Mountains and South Coast lines. The South Coast line (89.6% of peak hour trains on time) was the only line performing below the 92% target in 2010/11. Timetable changes in October 2010 meant that on the South Coast line there were tight timeframes for trains crossing the path of another train which resulted in delays whenever trains were running slightly behind schedule and subsequently caused knock-on delays. Transport for NSW advises this problem has now been corrected. The Newcastle and Central Coast line was the only line where the peak hour on time running improved in 2010/11 (94.6%). This is a turnaround from 2007 to 2009 when it was one of the lines with the poorest performance. Its previous poor performance was related to construction work for the Epping-Chatswood line.[25]

Figure 4.9 CityRail peak hour on time running by intercity line, 2006/07 to 2010/11



Data source: Transport for NSW

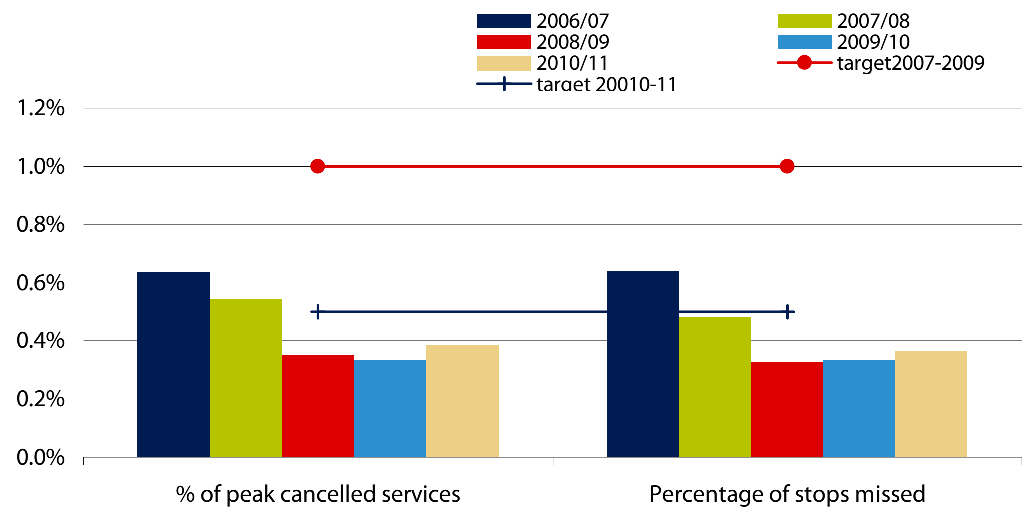
In 2010/11, 0.38% of peak hour services were cancelled and 0.36% of scheduled peak hour train stops were skipped. Since 2010 the targets for these measures have been a maximum of 0.5% of peak hour train services cancelled and 0.5% peak hour stops skipped. In prior years the target was a maximum of 1% of peak hour trains cancelled or stops skipped. CityRail services have performed better than the relevant target for the previous 5 years. (See Figure 4.10.) However in 2010/11 there were slight increases in both the percentages of peak hour stops skipped (0.36%) and peak hour services cancelled (0.38%). CityRail does not publicly release cancellation and skipped stop data for off peak periods and information about cancellations and skipped stops is only reported for the network as a whole. We consider this more detailed information should be publicly released, as recommended in our 2008 report.[26]

25 Correspondence with transport for NSW, December 2011.

26 IPART, *Improving CityRail's accountability and incentives through an effective service contract - Final Report*, December 2008, p 23.

The BTS survey found that 74% of CityRail passengers were satisfied with CityRail services being on time - a higher level of satisfaction than bus passengers of whom 55% were satisfied, but a lower incidence of satisfaction than ferry passengers (91% satisfied).[27] As the BTS used a new survey methodology it's not possible to comment on trends over time. The Cumberland[28] and South lines had lowest levels of satisfaction on this aspect of service – with around 66% of respondents satisfied and 21% and 17% respectively dissatisfied.[29]

Figure 4.10 CityRail peak hour service cancellations and skipped stops, 2006/07-2010/11



Data source: Transport for NSW.

Journey delays and journey time

Total minutes of delay during peak periods and average speed of trains as scheduled in the timetable can be used as proxy measures of journey delays and journey times.

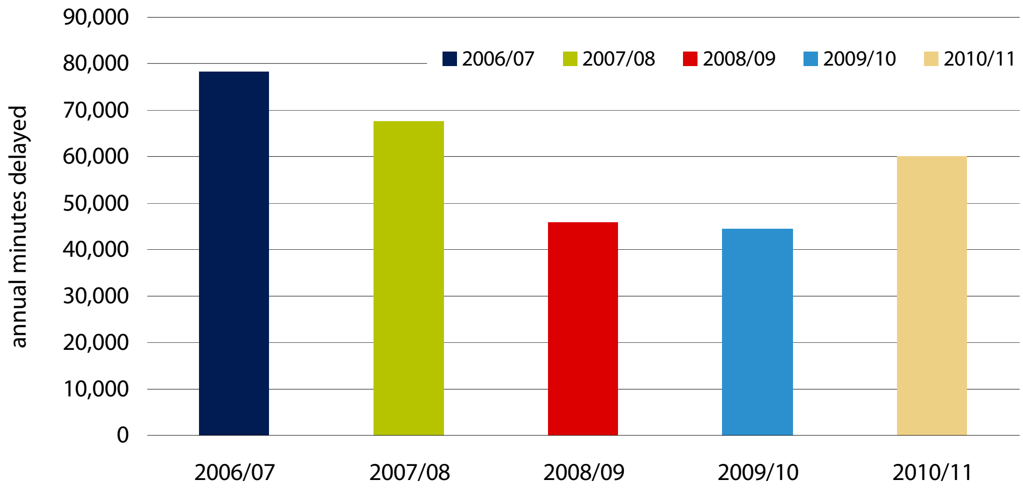
The total minutes of peak hour delays increased by 35% compared to 2009/10. Total minutes of peak hour delay is at its highest level since 2008/09. The information currently available for off peak periods suggests that off peak delay minutes also increased significantly in 2010/11.

27 Bureau of Transport Statistics, *2011 Transport customer survey - customer satisfaction with Public Transport Services*, 2011, p 15.

28 The Cumberland line operates between Blacktown and Campbelltown. Trains on this line do not travel into the Sydney CBD where on time running performance is assessed. Consequently reliability of services on this line is not currently captured in these statistics.

29 Bureau of Transport Statistics, *2011 Transport customer survey - customer satisfaction with Public Transport Services*, 2011, p 53.

Figure 4.11 CityRail total annual minutes of delay, peak services, 2006/07 to 2010/11



Data source: Transport for NSW.

Average timetabled train speed remained the same as in 2009/10 - suggesting no change in timetabled journey times. Transport for NSW advises[30] that in future timetables will be written to a specification which will spell out attributes including train speed and train standing time (as well as service frequency, interchange and, safety, reliability and load factors). Transport for NSW consider that by specifying average train speed between the Sydney CBD and various parts of the network that they will be able to ensure some consistency in journey time and plan for reductions in journey time.

The BTS survey found 71% of train passengers were satisfied with travel times considering the distance travelled - the lowest satisfaction levels of all 3 modes.[31]

Crowding on trains

CityRail reports on crowded services that exceed 135% of passenger seating capacity, which is equivalent to fewer than 2 people standing per square metre of standing space. CityRail's target for crowding of peak services is a maximum of 5% of peak hour services exceeding 135% of capacity[32] and has previously advised that this standard compares well within the global benchmark of no more than 4 passengers standing per square metre. Six to seven per cent of trains in the morning peak hours (considered as a whole) exceeded 135% crowding.

30 Correspondence with Transport for NSW, December 2011.

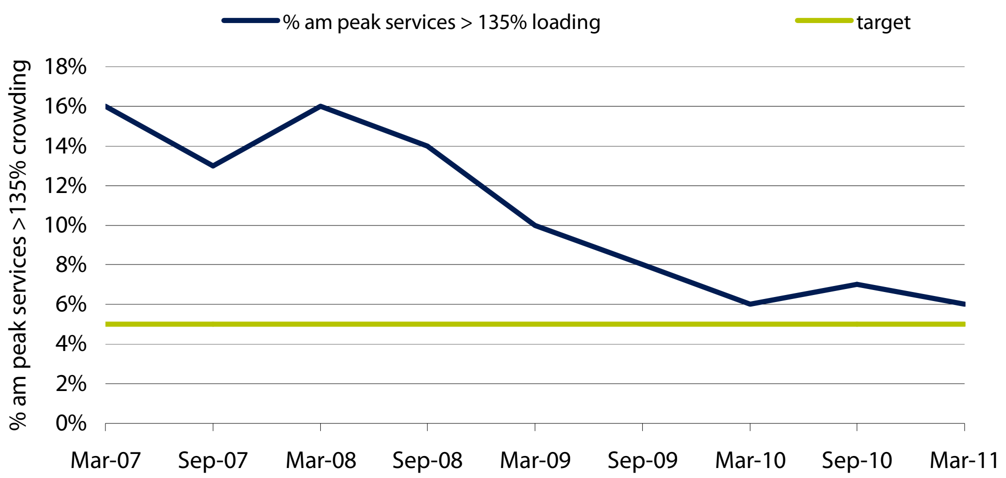
31 Bureau of Transport Statistics, *2011 Transport customer survey - customer satisfaction with public transport services*, 2011, p 15.

32 Set previously under the Rail Performance Agreement.

Crowding is less frequent in afternoon peak hours than in the morning peak and overall the afternoon peak has achieved the less than 5% target for the last 3 years, although between 5 pm and 6 pm 10% of trains exceeded 135% loading (in March 2011). The highest incidence of crowded trains occurs between 8 am and 9 am, when at March 2011 16% of trains exceeded 135% loading.

The BTS survey found more train passengers were dissatisfied with crowding than users of other modes - 19% of train passengers were dissatisfied with seat availability on services compared with 11% of bus passengers.[33]

Figure 4.12 Crowding of CityRail services in the am peak 2007-2011

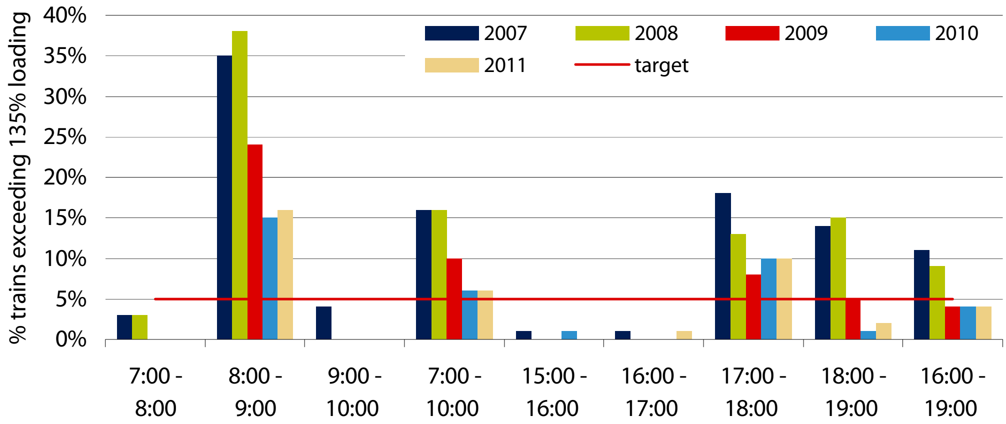


Note: AM peak services above 135% loading are measured in March and September.

Data source: Transport for NSW.

[33] Bureau of Transport Statistics, *2011 Transport customer survey- customer satisfaction with Public Transport Services*, 2011, p 19.

Figure 4.13 CityRail crowding of services by time of day 2006/07-2010/11

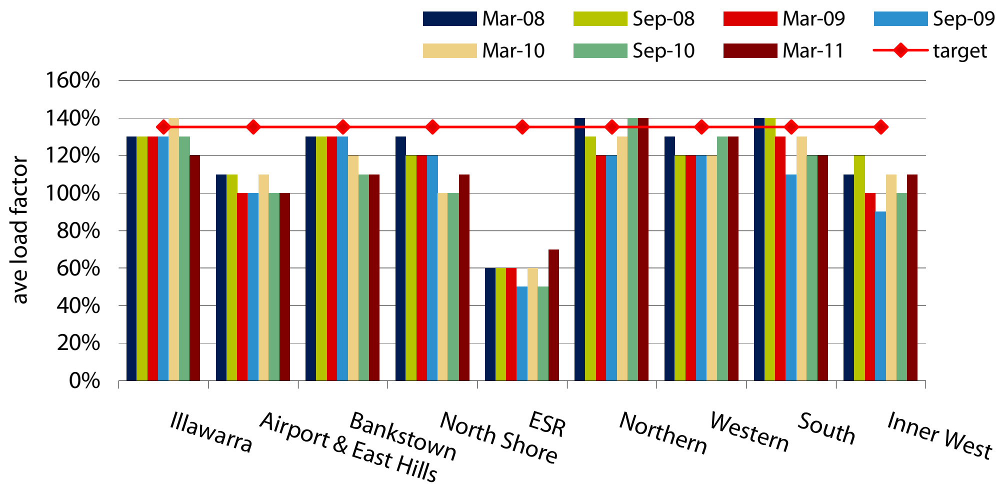


Note: Crowding is measured twice per year, in March and September. This graph is based on March data.
Data source Transport for NSW.

Crowding by line

Figure 4.14 and Figure 4.15 illustrate that there is wide variation in crowding across the network. The Northern line (in March and September 2011) experienced average load factors of 140% in the morning peak which exceeds CityRail's target.

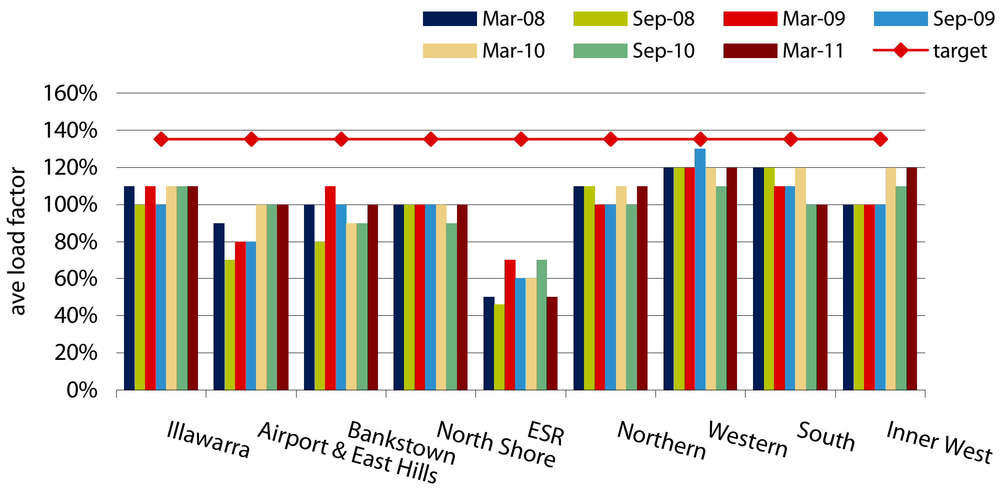
Figure 4.14 Average load factors by suburban line in busiest am peak hour, 2008 to 2011



Data source: Transport for NSW.

In the busiest afternoon peak hour, the average load factor did not exceed the target on any lines in March or September 2011 (see Figure 4.15).

Figure 4.15 Average load factors by suburban line in busiest pm peak hour, 2008 to 2011



Data source: Transport for NSW.

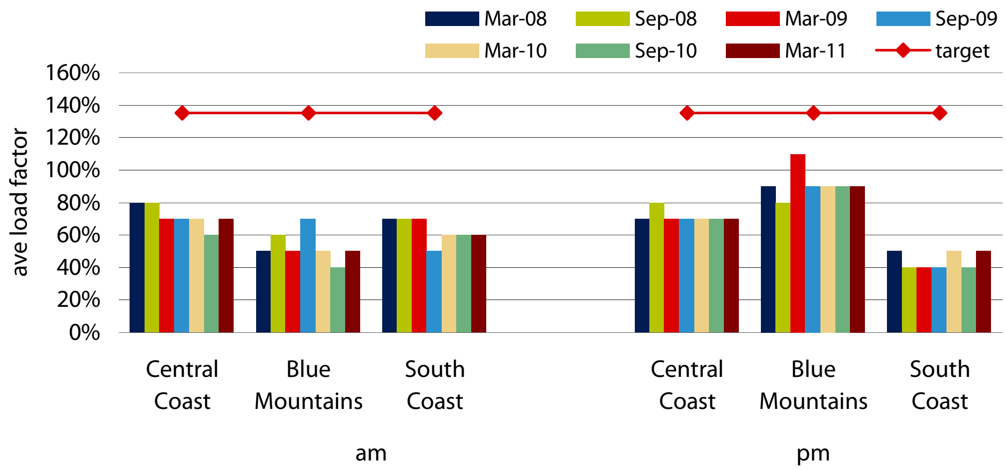
Average load factors on intercity lines in the morning and afternoon peaks are lower than on all the suburban lines (except the Eastern suburbs line). All are well below the target of 135% (Figure 4.16). Transport for NSW advises that crowding has been reduced on the Blue Mountains and other intercity lines by replacing 6 car trains with 8 car trains.[34]

Although only the Northern line experienced average crowding above target levels, the BTS survey shows more than 1 in 5 passengers were dissatisfied with seat availability on the Cumberland line (36%), South (23%), Western (22%), East Hills (21%) and Bankstown (21%) lines.[35]

34 Correspondence with Transport for NSW, December 2011.

35 Bureau of Transport Statistics, *2011 Transport customer survey- customer satisfaction with Public Transport Services*, 2011, p 53.

Figure 4.16 Average load factors by intercity line in busiest am and pm peak hours, 2008 to 2011



Data source: Transport for NSW.

Transport for NSW advises[36] that to address crowding levels:

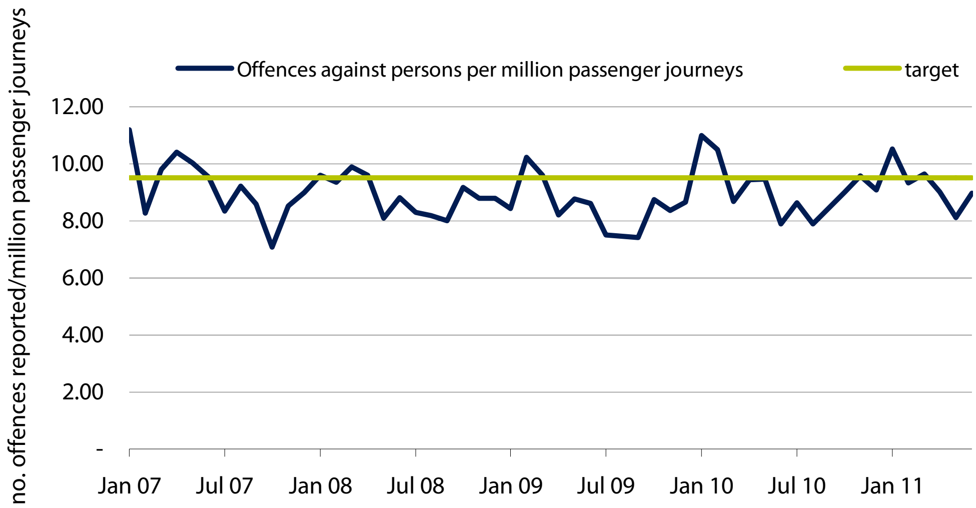
- Extra services will be added during the high peak wherever track capacity permits.
- Extra services will be added during shoulder peaks.
- Stopping patterns will be redesigned to facilitate more balanced passenger loads on trains.

36 Correspondence with Transport for NSW, December 2011.

Passenger security

CityRail reports on the average monthly number of offences against persons occurring on or adjacent to railway property per million passenger journeys. CityRail's target is for there to be less than 9.5 offences per million passenger journeys.[37] There has been an increase in the reported incidences of these offences, from 8.69 per million passenger journeys in 2009/10 to 9 per million passenger journeys in 2010/11.[38]

Figure 4.17 CityRail reported offences against persons, 2006/07-2010/11



Note: Offences against persons includes assault, robbery, sexual offences and stealing from a person which occurs on or next to railway property. Statistics reflect incidents reported and recorded by NSW Police.

Data source: Transport for NSW, based on Bureau of Crime Statistics and Research data.

Customer perceptions of security, train cleanliness and provision of information to passengers

In previous years CityRail translated the results of ITSRR annual surveys of CityRail passengers into customer perception indexes for security, quality of information provided by CityRail and train cleanliness and we tracked movements in these indices. As the survey methodology changed this year we are unable to comment on trends, but as BTS intends to repeat the survey annually we should be able to discuss trends in future reports.

37 RailCorp, *Annual Report 2009-10*, p 19.

38 These statistics are based on Bureau of Crime Statistics and Research (BOSCAR) data.

The 2011 BTS indicates that there are comparatively high levels of dissatisfaction with train cleanliness and information provision. Cleanliness on trains had the highest levels of dissatisfaction (equal with dissatisfaction with availability of parking near the station) of all aspects of service included in the survey[39]:

- 32% of train passengers are dissatisfied with train cleanliness (compared to 6% for buses and 3% for ferries).
- 19% of train passengers are dissatisfied with station cleanliness (8% for bus stops, 5% for ferry wharves).
- 22% of train passengers are dissatisfied with understanding announcements on the train and 14% dissatisfied with understanding announcements on the platform.
- 17% of train passengers are dissatisfied with being informed about service changes. This compares favourably with buses where 34% of passengers are dissatisfied.

The BTS survey indicates that more than 1 in 10 rail passengers are dissatisfied with feeling safe on the station and in the train. This is a higher incidence of dissatisfaction than with buses and ferries.[40] More passengers were dissatisfied with safety on the Bankstown line (around 20%) than on any other line.[41]

Passenger comfort

In the absence of a more targeted indicator, we used the percentage of the fleet less than 10 years old as an indicator of trends in passenger comfort as more modern carriages are air conditioned and more comfortable than older carriages. Transport for NSW has also provided information about the proportion of the fleet which is air-conditioned. Figure 4.18 indicates 19% of the fleet is less than 10 years old, an increase over the previous year and that there has been little change in the proportion of the fleet (71%) which is air conditioned. We note that in 2010/11 seven 4 carriage OSCAR sets (equipped with air conditioning, accessible toilets and on board information screens) were brought into service.[42]

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39 Bureau of Transport Statistics, *2011 Transport customer survey- customer satisfaction with Public Transport Services*, 2011, p.27.

40 Bureau of Transport Statistics, *2011 Transport customer survey- customer satisfaction with Public Transport Services*, 2011, p 21.

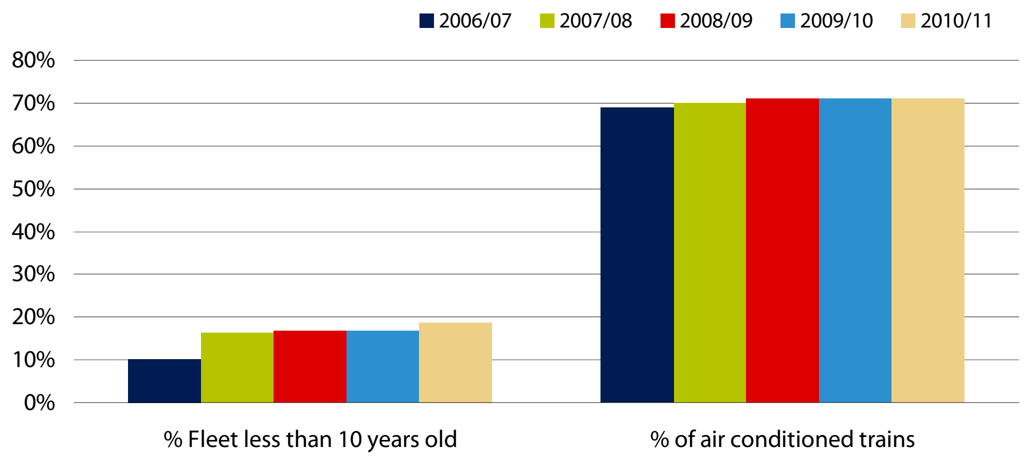
41 Bureau of Transport Statistics, *2011 Transport customer survey- customer satisfaction with Public Transport Services*, 2011, p 53.

42 RailCorp, *Annual Report 2010-11*, p 27.

The BTS survey indicates[43]:

- 22% of train passengers are dissatisfied with comfort at the station (higher than for bus passengers - 20%)
- 20% of train passengers are dissatisfied with temperature level on trains (higher than for buses – 10%).

Figure 4.18 CityRail age of fleet 2006/07-2010/11



Data source: Transport for NSW.

43 Bureau of Transport Statistics, *2011 Transport customer survey- customer satisfaction with Public Transport Services*, 2011, p 27.

5 Costs of providing metro and outer metro bus services and cost recovery

This chapter provides an overview of the actual costs and revenue in 2010/11 for all bus regions and the level of cost recovery from fares and compares these outcomes with those from the last 2 years.

5.1 Metro and outer metro bus costs over the past year

In 2010/11, the total cost of providing services across the 15 metro and 10 outer metro regions was $1,141.1 million. This is a nominal increase of 13.1% from 2009/10. In our 2009 determination, we forecast that the efficient costs of providing bus services for fare-paying passengers in the 4 largest contract regions should increase by 4.2% in real terms between 2009/10 and 2010/11 (or 7.7% in nominal terms).

Transport for NSW advised that bus revenue kilometres increased by 8.7% in 2010/11 as a result of the introduction of integrated network plans, new growth buses, Metrobuses and free Shuttle bus services. This resulted in an increase in operating costs.

5.2 Revenue and cost recovery

In 2010/11, operators across metro and outer metro regions collected $325.7 million in fare revenue, which is a 5.4% drop from fare revenue collected in 2009/10 ($344.4 million[44]). Fare revenue as a proportion of total cost was 28.5% in 2010/11, down from 34% in 2009/10. This was 13.1% lower than our forecast of $374.6 million (nominal) in our 2009 report. Table 5.1 illustrates how costs and revenue have changed over the last 2 years, leading to a steady decline in cost recovery.

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44 IPART, *CityRail and Metropolitan and Outer Metropolitan Bus Services: Prices and Services Report 2010*, December 2010, p 29.

Table 5.1 Revenue and cost recovery 2008/09 to 2010/11 (nominal $ millions)

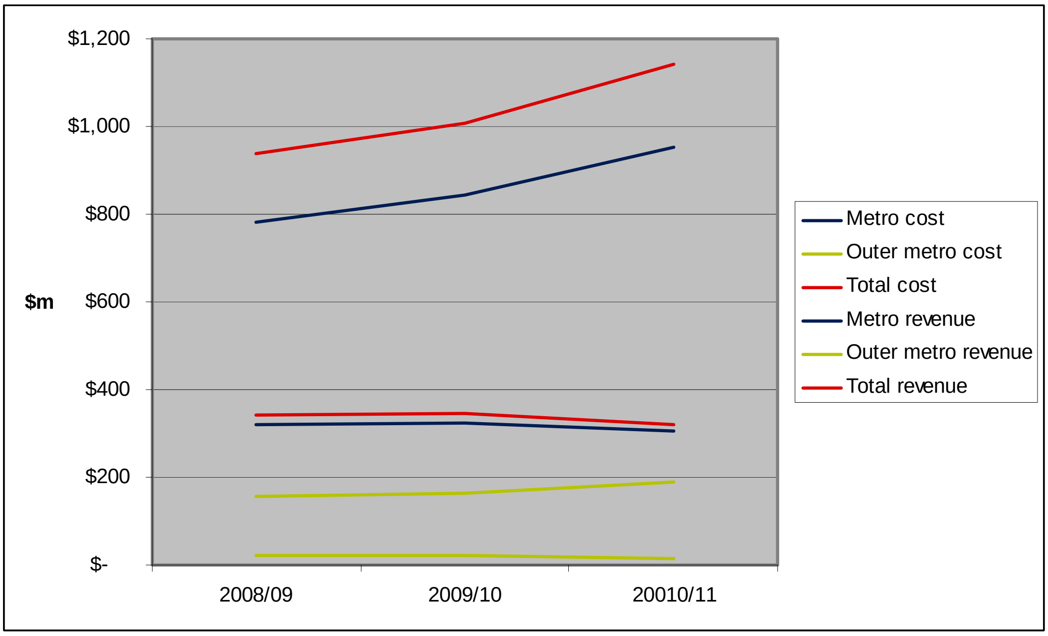
	2008/09	2009/10	2010/11
Metro			
Total cost ($m)	$781.2	$843.5	$953.3
Fare box revenue ($m)	$320.8	$322.5	$305.2
Fare box as a % of total cost	41%	38%	32%
Outer metro			
Total cost ($m)	$156.3	$165.0	$187.8
Fare box revenue ($m)	$22.6	$21.9	$20.5
Fare box as a % of total cost	14%	13%	10.9%
Total			
Total cost ($m)	$937.6	$1,008.5	$1,141.1
Fare box revenue ($m)	$343.4	$344.4	$325.7
Fare box as a % of total cost	37%	34%	28.5%

Source: Transport NSW.

5.3 Cost drivers

Similarly to CityRail, cost recovery for metro and outer metro buses has declined over the last 2 years. Cost recovery for buses is a result of both an increase in costs and a decrease in fare revenue (Figure 5.1).

Figure 5.1 Costs and revenue over time ($ million nominal)



Data source: Transport for NSW.

Transport for NSW advised that the reduction in farebox revenue was mainly attributed to:

- the impact of MyZone, which introduced many cheaper ticket types and created more incentives for patrons to pre-purchase tickets from sellers other than buses
- revenue from sales of MyMulti tickets from train stations is not counted towards total bus revenue, even though it may be used for travel on buses
- the NSW Government's decision not to increase fares in January 2011
- the implementation of additional free shuttle bus services.

Between 2009/10 and 2010/11, costs increased by 5.4% more than the increase in efficient costs forecast in our 2009 report. This represents around $54.9 million in additional costs.

Under our 2009 determination, our recommended maximum fare increase for 2011 was an average of 1.4% in real terms or 4.0% including inflation. The impact of the Government's decision not to increase fares in January 2011 amounted to around $6.5 million (for the 6 months to June 2011) 0.6% of cost recovery.

Information on bus ticket sales by type is not available for each bus region, which allows for limited analysis on changes in ticket sales.

6 Metropolitan and outer metropolitan bus performance

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

We consider it is particularly important that the performance information provided from year to year be standardised across operators and be consistent so a time series can be constructed. This will allow for an analysis of trends in service quality over time.

We note that Transport for NSW is taking steps to improve operational and performance data.[45] For example self reported bus data is reviewed each month for trends, anomalies and inconsistencies, issues are followed up with operators and each quarter operators are required to review data and sign-off on its accuracy. On time running data for metropolitan buses is now gathered by Transport for NSW at strategic locations for all regions. Transport for NSW reports that these steps have resulted in significant improvement in data quality.

45 Correspondence with Transport NSW.

6.1 Operators performance against key performance indicators

6.1.1 Overview of performance

In 2010/11:

- Patronage on metropolitan and outer metropolitan bus services increased.
- The number of timetabled services increased in both metropolitan and outer metropolitan contract areas.
- On time running declined in the metropolitan area but remains above the contract target level (95% buses depart on time). It can vary considerably month by month and across metropolitan contract regions.
- On-time running in the outer metropolitan regions has improved, although the method of measuring on time running in non-metropolitan areas is not very reliable.
- The proportions of trips timetabled to be wheelchair accessible increased in 2010/11 to 45% in the metropolitan regions and 52% in the outer metropolitan regions.
- The proportion of buses that are wheelchair accessible has continued to increase. In 2010/11 67% of metropolitan buses and 39% of outer metropolitan buses are reported to be wheelchair accessible.

The Bureau of Transport Statistics' 2011 survey[46] found that 86% of metropolitan bus customers were satisfied with their bus service overall. This is a higher incidence of satisfaction than expressed by train passengers (81%) but lower than by ferry passengers (96%). As the survey methodology has changed from the previous year it is not possible to comment on trends in satisfaction with the metropolitan bus service. However the BTS asked people if they thought the service had improved or worsened. Around 40% of people thought the bus service has improved over the previous year, 53% thought there had been no change and 7% thought the service had deteriorated.

46 Bureau of Transport Statistics, *2011 Transport customer survey - customer satisfaction with public transport services*, 2011, pp 35-36.

Bus passengers expressed the highest levels of satisfaction[47] with:

- Ease of boarding the bus (90% satisfied).
- Feeling safe while on the bus (89%).
- Seat comfort on the bus (85%).
- Ability to catch the bus you intended to; cleanliness of the bus; and ease of understanding signage (all 84%).

Bus passengers expressed highest levels of dissatisfaction[48] with:

- Being informed of service changes (34% dissatisfied).
- Bus being on time (keeping to timetable) (27% dissatisfied).
- Frequency of service (24%).
- Comfort at the bus stop (20%).

Bus passengers in the South East (region 11), the South (region 10), the Mid West (region 13) , South West (region 15) and Outer West (region 1) were the most satisfied with the bus service overall (90% or more satisfied). Bus passengers in the North West (region 4), Inner South (region 5), Inner North (region 7) and West (region 2) were the most dissatisfied (6 to 10% dissatisfied).

6.1.2 Patronage

In 2010/11 there were increases in patronage on both metropolitan and outer metropolitan buses. There were

- 198.8 million passenger journeys[49] on metropolitan buses, an increase of 2% on 2009/10, and
- 15.6 million passenger journeys[50] on outer metropolitan buses, an increase of 3.5% compared with 2009/10.

93% of all bus trips made by fare paying passengers in 2010/11 were made in the metropolitan bus regions and 72% of all bus trips by fare paying passengers were made in the 4 contract regions serviced by Sydney Buses.

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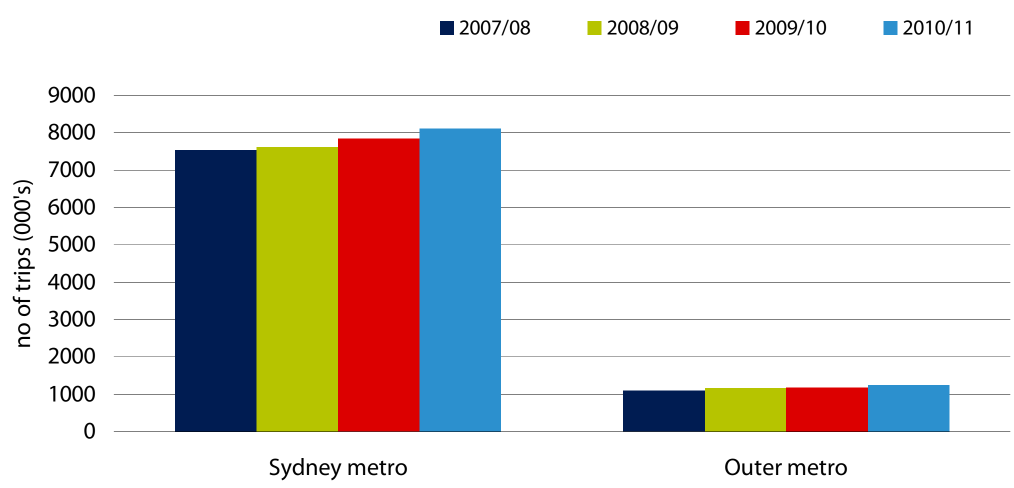
47 Bureau of Transport Statistics, *2011 Transport customer survey*, 2011, p 38.
48 Bureau of Transport Statistics, *2011 Transport customer survey*, 2011, p 38.
49 Excluding travel under the school student transportation scheme.
50 Excluding travel under the school student transportation scheme.

6.1.3 Quantity of services

In 2010/11 the quantity of bus services grew substantially. The kilometres of timetabled bus services increased in 2010/11, by 8.3% in the metropolitan region, and 10.5% in the outer metropolitan region. The total number of timetabled trips increased 3.3% across the metropolitan region and 5.2% across the outer metropolitan region. (See Figure 6.1 and Figure 6.2). The increase in service numbers and kilometres is due to the introduction of integrated bus network plans (resulting in an additional 1,000 services per week in the Hunter region and 1,500 services per week on the Central Coast), new growth buses, additional Metrobus services (expanded to 13 routes in the Sydney metropolitan area and providing an additional 8,000 services per week) and free bus shuttle services being introduced into 9 additional areas.[51]

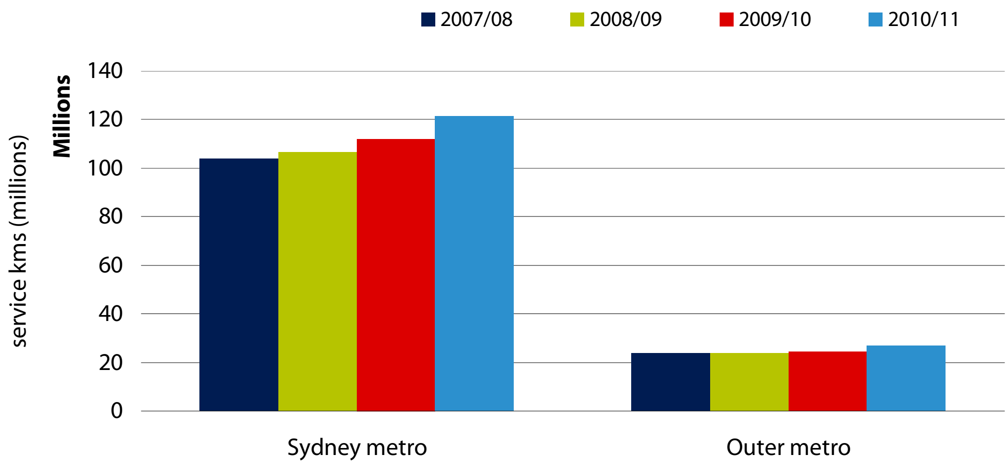
Figure 6.1 Timetabled trips 2007/08 to 2010/11



Data source: Transport for NSW.

51 Correspondence with Transport for NSW, December 2011.

Figure 6.2 Timetabled bus service kilometres, 2007/08 to 2010/11



Data source: Transport for NSW.

6.2 Quality of services

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

6.2.1 On time running

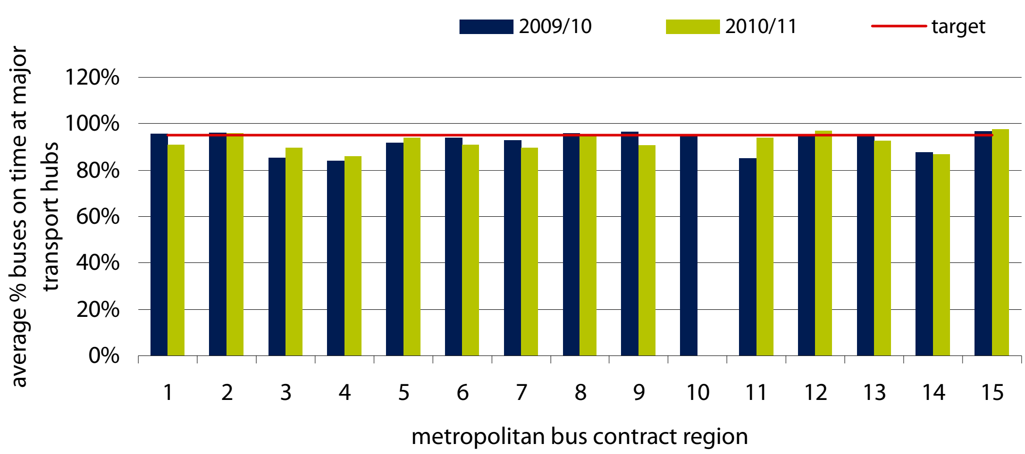
On time running performance in metropolitan regions deteriorated in 2010/11, but appears to have improved in the non-metropolitan contract regions.

Transport for NSW has introduced an improved measure of on time running for the metropolitan bus contract regions in 2009/10. This new measure involves independent surveyors carrying out checks of metropolitan bus service departures at major transport hubs across the Sydney Region and operators' reviewing and signing off on monthly data. Prior to this, measures of on time running were largely limited to the operator recording whether the bus leaves the terminus on time.

Figure 6.3 graphs the average monthly percentage of buses on time[52] by metropolitan contract region.[53] In 2010/11 3 metropolitan regions (regions 15 – South West, 12 – North Sore and 2 – West) exceeded the target of 95% of buses on time (compared to 6 regions in 2009/10). The worst performing areas, where on average less than 90% or buses ran on time, were regions 4 (North West), 14 (Mid West), 7 (Inner North) and 3 (West Central). The data does not indicate why comparatively high proportions of buses are running late in these regions. Using annual averages gives a broad picture but there can be considerable variation month to month in on time running. In 2010/11 monthly on time running figures in a single region varied by up to 19% points across the year.

The BTS survey of metropolitan bus passengers found that highest levels of dissatisfaction with the bus service being on time were in region 9 (East), region 7 (Inner North), region 5 (Inner South) and 4 (North West). Regions 4 and 7 were also found to be regions with a comparatively poor record for on time running (see above). Region 11 (South East) recorded the highest level of satisfaction for services being on time (76%).[54]

Figure 6.3 On Time Running by metropolitan contract regions (average monthly performance, 2009/10 to 2010/11)



Note: In 2010/11 regions 11 includes both region 10 and 11. Performance is not measured in January. Percentages are calculated as the average of monthly percentages reported in each region.

Data source: Transport for NSW.

52 A bus is considered to be on time if it departs from its starting point no more than 5 minutes after or 1 minute before its scheduled time.

53 Data collected under the On Time Running program, Transport NSW letter to IPART, 21 November 2010.

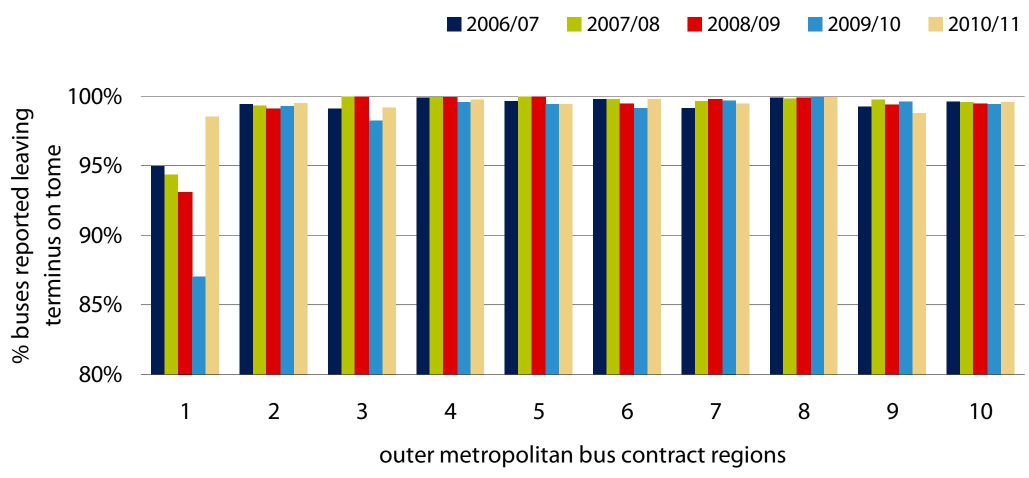
54 Bureau of Transport Statistics, *2011 Transport customer survey*, 2011, pp 58-59.

Operators' reporting of buses leaving the terminus on time continues to be the main measure of on time running in outer metropolitan bus regions. As we have noted in previous years, we have reservations about placing too much reliance on this data but consider there is value in reporting this information as it sheds some light on performance.

We don't consider on time running measured solely at the trip's origin to be a good indicator of the bus network's actual on time running performance or the level of service actually experienced by passengers.[55] We note that buses can run early and late at different points throughout a journey but that this goes largely unreported. In our view, the inadequacies of this measure make it difficult for anyone to form a reasonable view of the change in on time running performance.

In 2010/11 the proportion of services leaving the terminus on time in outer metropolitan regions increased in most regions. This is a turn around from the previous 3 years through which there had been a consistent decline in performance on this measure. However the proportion of late services is still very small relative to the total number of services – over 99% of services were reported to have left the terminus on time, comfortably above the Transport NSW target of 95% across the network.

Figure 6.4 Buses reported leaving the terminus on time in Sydney outer metropolitan contract regions, 2006/07 to 2010/11



Note: In 2009/10 Transport NSW identified that Region 1 had applied a different definition of this measure to other regions and its results were not able to be compared to other regions. From 2010/11 Region 1 applied a definition consistent with other regions.

Data source: Transport for NSW.

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

6.2.2 Incomplete and cancelled trips

Overall there are low rates of bus trips cancelled or not completed. Over 2010/11, in the metropolitan bus contract regions 0.12% of trips were incomplete or cancelled (that is, 99.88% ran in their entirety). In the outer metropolitan regions 0.02% of bus trips were cancelled or not completed. Most non-metropolitan regions report that no trips were incomplete or cancelled. In previous years we have queried if zero entries are non-reports or whether there have in fact been no trips cancelled. We understand that zero reports may be accurate as Transport for NSW has suggested that in many cases if the scheduled driver is not available another person at the depot with the appropriate licence may drive the bus or if a bus breaks down another bus will be sent out.

6.2.3 Wheelchair accessibility

The Accessible Transport Action Plan for NSW Transport, Roads and Maritime services[56] states that:

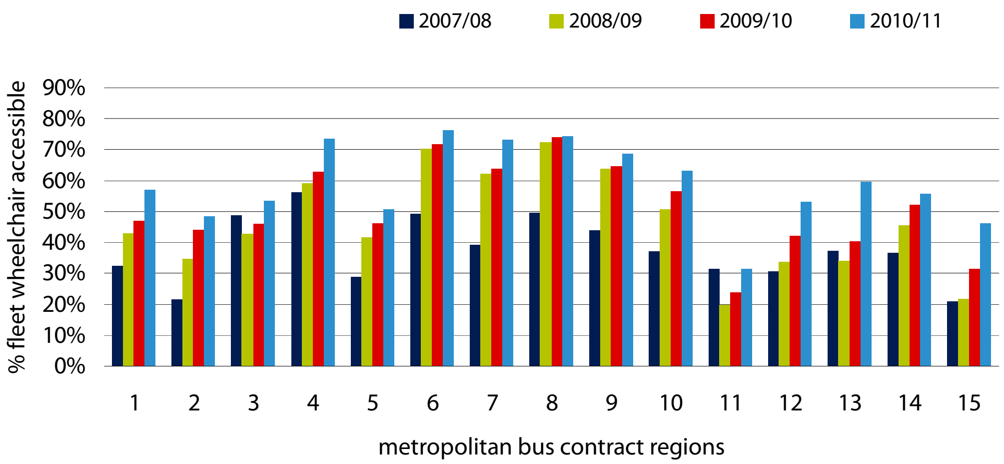
- the NSW Government is funding the purchase of wheelchair accessible buses
- bus contracting arrangements require operators to comply with disability legislation and produce action plans of their own
- bus operators are committed to timetabling wheelchair buses on at least 25% of services.

The Transport Standards under the Commonwealth's *Disability Discrimination Act 1992* requires 55% of timetabled bus services to be accessible by the end of 2012. Transport for NSW advises that it is on track to meet this requirement.[57]

The proportion of the fleet that is wheelchair accessible has been steadily increasing over the last few years (Figure 6.5 and Figure 6.6). All new growth and replacement buses are wheelchair accessible.[58] In 2010/11, 67% of buses in the metropolitan contract areas were reported to be wheelchair accessible (up from 59% in 2009/10). In 2010/11, 39% of buses in the outer metropolitan regions were wheelchair accessible (up from 32% in 2009/10).

56 NSWTI, *http://www.transport.nsw.gov.au/accessibility/transport-action-plan*, December 2007.
57 Correspondence with Transport for NSW, December 2011.
58 Correspondence with Transport for NSW, December 2011.

Figure 6.5 Proportion of bus fleet that is wheelchair accessible by metropolitan contract regions, 2007/08 to 2010/11

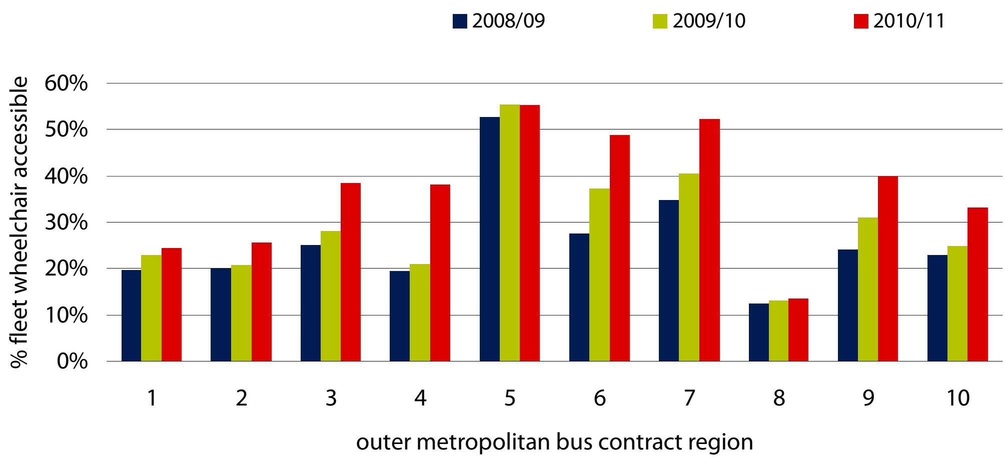


Data source: Transport for NSW.

The metropolitan regions 6 to 9 (Sydney Bus regions South Harbour, Inner North, Northern Beaches and East) and Region 4 (North West) have the highest concentration of wheelchair accessible buses with over 69% of buses being wheelchair accessible (Figure 6.5). The proportion of wheelchair accessible buses increased by more than 10% points in 2010/11 in 4 metropolitan regions (regions 4 – North West, 12 – North Shore, 13 – Mid West and 15 – South West[59]) and 4 outer metropolitan regions (outer metropolitan regions 3, 4, 6 and 7 (Port Stephens, Lake Macquarie, Wyong, Central Coast). The concentration of wheelchair accessible buses is much lower in the outer metropolitan regions – in the range of 24% to 40% for 6 out of the 10 outer metropolitan regions (Figure 6.6). Outer metropolitan region 8 (Blue Mountains) has the lowest concentration of wheelchair accessible buses with just 14% of the fleet wheelchair accessible and little change in this figure over the last 4 years.

59 See Appendix B for a map and a list of areas covered by each region and the operators in each region.

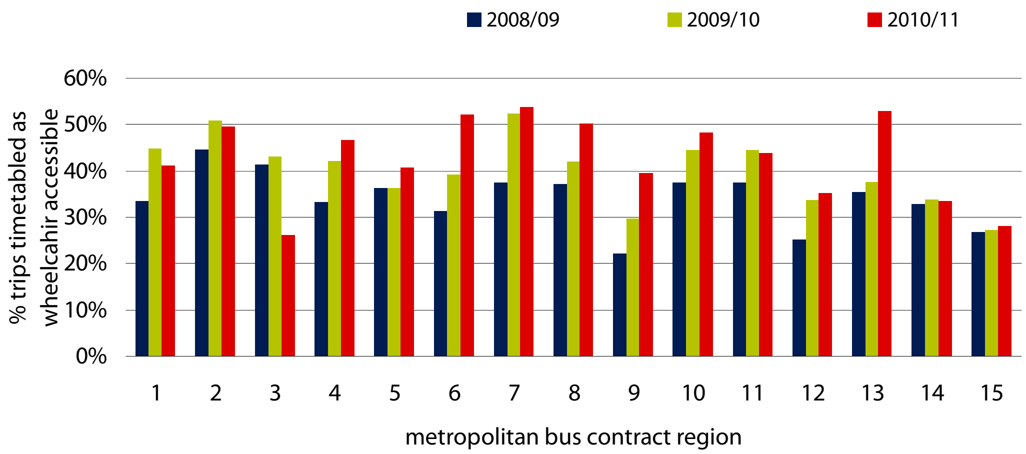
Figure 6.6 Proportion of bus fleet that is wheelchair accessible by non metropolitan contract regions, 2008/09 to 2010/11



Data source: Transport for NSW.

Figure 6.7 and Figure 6.8 set out proportions of services that are timetabled as wheelchair accessible by contract region. Over the metropolitan regions 45% of trips were reported to be timetabled as wheelchair accessible, a higher proportion than in 2009/10 (40%) and the 25% target in the Accessible Transport Action Plan. In the outer metropolitan area 52% of trips are timetabled to be wheelchair accessible, an increase from 43% in 2009/10.

Figure 6.7 Trips timetabled to be wheelchair accessible in metropolitan regions, 2008/09 to 2010/11

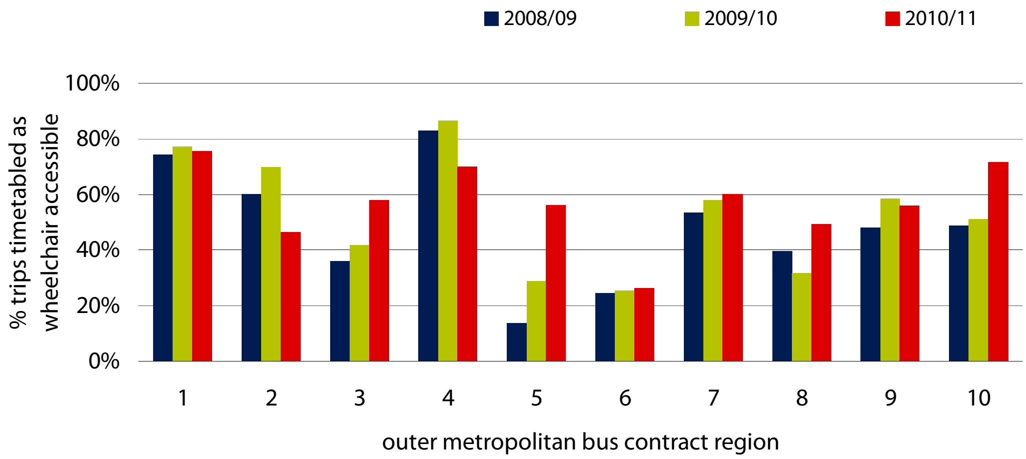


Note: 2007/08 is not included as it was incorrectly reported and is not comparable with data for later years.
Data source: Transport for NSW.

Although the overall trend is for an increasing proportion of trips to be timetabled as wheelchair accessible, there is great variation across the contract regions. The proportion of trips timetabled to be accessible:

- increased considerably in:
  - metropolitan region 13 (Mid West) - up to 53% in 2010/11 from 38% in 2009/10; and region 6 (South Harbour) - up to 52% in 2010/11 from 39% in 2009/10
  - outer metropolitan region 5 (Newcastle) - up to 56% in 2010/11 from 29% in 2009/10; region 10 (Wollongong) - up to 72% in 2010/11 from 51% in 2009/10; and region 8 (Blue Mountains) - up to 49% in 2010/11 from 32% in 2009/10
- declined considerably in:
  - metropolitan region 3 (West Central) - down to 26% in 2010/11 from 43% in 2009/10
  - outer metropolitan region 2 (Maitland) down to 47% in 2010/11 from 70% in 2009/10) and region 4 (Lake Macquarie) - down to 70% in 2010/11 from 87% in 2009/10.

Figure 6.8 Trips timetabled to be wheelchair accessible in outer metropolitan regions, 2008/09 to 2010/11



Data source: Transport for NSW.

Operators are also required to report on the number of services that are timetabled as wheelchair accessible but are not operated or incomplete. We consider this measure important in assessing service. Many regions have reported each year for 5 years that no wheelchair accessible trips have been cancelled or incomplete, yet prior to 2006/07 the majority of metropolitan bus contract regions reported small numbers of accessible services were cancelled or incomplete. As the proportion of trips that are timetabled to be wheelchair accessible has been increasing at the same time, we have reservations about the accuracy of current reporting on this measure.

6.3 Customer feedback data

In 2010/11, feedback calls[60] increased by 3% in the metropolitan area and 6% in the outer metropolitan area. Feedback includes both complaints and compliments. Only a small proportion of all feedback calls were positive. The main concerns raised in negative feedback calls included:

- bus was late
- bus failed to stop
- staff were rude
- dangerous driving.

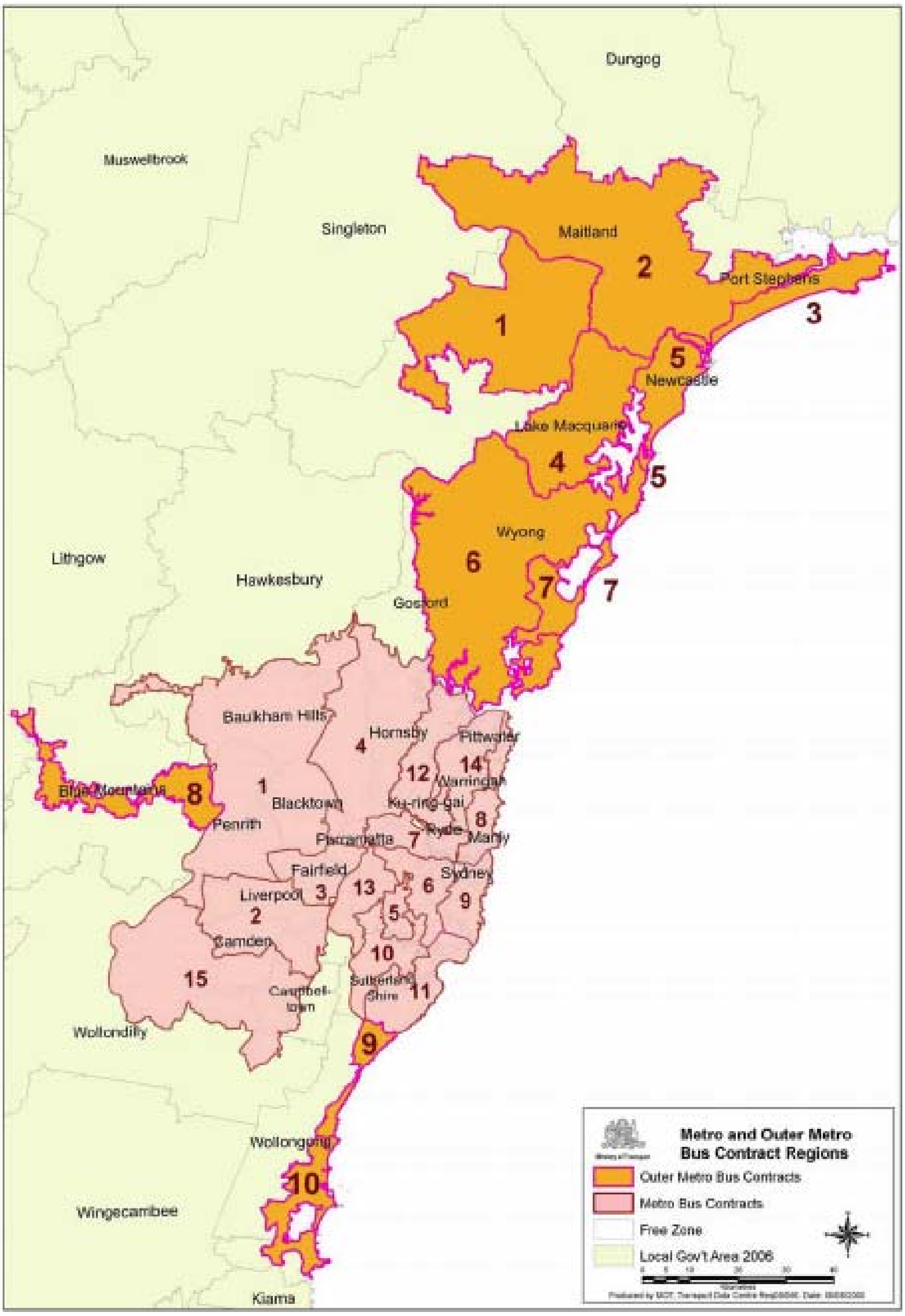
60 Measured as calls per 100,000 passengers.

Almost half of all feedback (44%) in the metropolitan area and almost a third (29%) in the outer metropolitan region concerned bus reliability (bus late, missed stop and bus early).

Appendices

A | Bus contract regions and operators

Figure A.1 Metropolitan and outer metropolitan contract regions



Data source: Transport NSW.

Table A.1 Metropolitan bus contract regions and operators

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

Contract region	Operator	General area serviced	Regional centres serviced
			Regents Park, Bankstown.
14	Forest Coaches	Northern	Chatswood, North Turramurra, Belrose and the CBD.
15	Busways Campbelltown	South West	Campbelltown, Minto and Camden.

Source: Transport for NSW, Bureau of Transport Statistics.

Table A.2 Outer metropolitan bus contract regions and operators

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

Source: Transport for NSW.

B Fares excluded under MyZone

The NSW Government introduced MyZone in April 2010. MyZone combined and replaced a number of train and bus fares under our existing determinations. This reduced the number of train fare bands to 5 'MyTrain' fares and the number of bus fare bands to 3 'MyBus' fares[61]. MyZone also replaced TravelPasses with new multimodal products known as MyMulti. MyMulti products provide for:

- unlimited travel on private as well as government-operated bus services
- travel on all Sydney Ferries' services and the Stockton Ferry, and
- travel on CityRail services in the relevant MyMulti zone.

Under MyZone, TravelTen products can be used for travel in the relevant section band on either private or government operated services. Time-based fare tickets for Newcastle Buses have been maintained and there were no changes to free school passes under the School Student Transport Scheme.

The Government has advised us that under MyZone more than 90% of journeys were the same price or cheaper; however, several fares became more expensive. As an interim measure, an amendment to the *Independent Pricing and Regulatory Tribunal (Passenger Transport Services) Order 1998* was made to remove temporarily our responsibility for determining the maximum prices for a small number of tickets. This includes:

- MyTrain 28-day RailPass (including concession)
- MyTrain 365-day RailPass (including concession)
- MyTrain Child Off-peak Return
- MyMulti Day Pass.

The maximum prices for services under these tickets will be determined by the Government until IPART makes a new determination. Under the amended Order, this could not occur before April 2011. We have commenced a review of the maximum fares for Sydney Ferries and in 2012 we will commence a review of maximum fares for CityRail to apply from January 2013.

Our current determinations continue to apply except for those tickets that are covered by the amendment to the Order or withdrawn.

61 5 Sydney Ferry fare bands were reduced to 2.