

**Submission to the Independent Pricing and Regulatory Tribunal  
2002-03 public transport fares determination**



**NCOSS**

02 9211 2599

**April 2002**

**Council of Social Service of New South Wales (NCOSS)  
66 Albion Street, Surry Hills NSW 2010  
ph: 02 9211 2599, fax: 9281 1968, email: <info@ncoss.org.au>**

## **1. INTRODUCTION**

The Council of Social Service of NSW (NCOSS) is the peak body for the social and community services sector in NSW and seeks to represent the interests of low income and disadvantaged people. Through our membership we represent more than 7,000 community service organisations in NSW.

NCOSS believes the goals for public transport should be to:

- (a) Maximise the community's access to transport with high quality, convenient services; and
- (b) Provide mobility at a price which is affordable to individuals from all socio-economic groups in the community.

The pricing and regulation of passenger transport has a major impact on the lives of disadvantaged people and in this regard NCOSS maintains an ongoing policy interest in ensuring that access to services is enhanced and extended.

NCOSS believes that fares should be set by comparison of the full social costs and benefits of all modes of transport. In the absence of adequate pricing of road transport, NCOSS believes that those who choose to use public transport and particularly those who, for economic reasons, have no choice but to use public transport should be subsidised. Such subsidies should be reflected both in fare pricing and investment decisions. However as this approach has not been adopted, we regard service standards and performance as integral factors in determining any fare increases.

## **2. STATE RAIL AUTHORITY**

The State Rail Authority (SRA) is seeking an aggregate increase of 2.0% in CityRail fares.

In its submission SRA outlines some of the external benefits of rail and concludes: 'Given that road use pricing does not reflect the full external cost of road use, it is appropriate that the external benefits of rail be reflected in rail pricing.' As noted above, NCOSS argues that in determining efficient pricing of public transport modes such as rail, external costs and benefits should be considered in decisions relating to both pricing and government subsidies. We would not support the use of external benefits to argue for undue emphasis on cost recovery through fare pricing.

In previous determinations of public transport fares, the Independent Pricing and Regulatory Tribunal (IPART, 'the Tribunal') has considered SRA's service standards, notably the introduction of a passenger charter and the provision of detailed and publicly available service standards.

NCOSS is disappointed at the inadequate process of implementation and review of CityRail's Customer Service Commitment during 2001-02 and the continuing lack of

adequate performance assessment.

## **Summary**

*NCOSS recommends that the fare increases sought by SRA be granted upon satisfaction of the following conditions:*

- 1. That SRA provide a detailed plan for the evaluation and further development of the CityRail Customer Service Commitment 2001-02, as detailed below;*
- 2. That SRA provide data correlating the concentration of proposed increases to longer distance bands with the income levels and capacity to pay of commuters in these distance bands; and*
- 3. That SRA demonstrate to IPART that security roles on the CityRail network are clearly delineated and communicated to passengers*

## **2.1 Customer Service Commitment**

The SRA submission reports on progress in the implementation of the CityRail Customer Service Commitment 2001-02 and on its subsequent performance against the Commitment. NCOSS notes with concern that key aspects of the implementation process committed to by SRA during the 2001-02 IPART fare determination process have not occurred, and the SRA submission does not outline an alternative process for evaluation, development and review of the current version of the Customer Service Commitment.

NCOSS has consistently argued to IPART in recent years that SRA should develop, with broad community input, a customer charter that includes targets and measures to effectively monitor performance from a customer perspective. Such a charter should include a range of service quality, safety, reliability and accessibility indicators.

The first draft of the SRA passenger charter, as submitted to IPART last year, failed to adequately address these criteria and NCOSS argued in its 2001-02 submission that at least a component of any SRA fare increase should be made conditional on the satisfaction of this requirement.<sup>1</sup> A revised Customer Service Commitment, which did not address all of the concerns of NCOSS and other key stakeholders, was tabled at the 2001 IPART hearing. In its presentation to IPART on 20 March 2001, SRA committed to a review of the Customer Service Commitment with the Rail Regulator and a process of annual review thereafter. In subsequent correspondence with IPART, the Acting CEO of State Rail noted that when the Rail Regulator is established in 2001, the position will have 'the responsibility of setting and monitoring performance standards' and that the Customer Service Commitment will be reviewed with the Regulator. He stated that: 'The Customer Service Commitment for 2001/02 does not pre-empt service standards and auditing processes to be established by the Rail Regulator.'<sup>13</sup>

In its 2001-02 determination, IPART noted SRA had 'not included detailed

performance indicators in the customer service commitment'. Despite outstanding concerns relating to the Customer Service Commitment, the Tribunal supported the release of the current version on the grounds that it was 'an evolving document that will be developed further once the exact role of the Rail Regulator is clear and the concerns of stakeholders and other customers are addressed'.<sup>4</sup>

The SRA submission provides no evidence that the Customer Service Commitment released by SRA in July 2001 has been further developed in consultation with key stakeholders. There is also no indication that the document has been subject to any process of evaluation regarding either its effectiveness or CityRail's performance against it. NCOSS understands that, not only was the Rail Regulator not established in 2001, there are currently no plans to establish the role.<sup>5</sup> In its submission SRA has not outlined an alternative process for developing performance standards or auditing processes. The SRA submission states that the Customer Service Commitment will soon be revised in consultation with Transport NSW,<sup>6</sup> but it does not provide any detail regarding how the current document will be evaluated or whether there will be mechanisms for community and key stakeholder participation in these discussions.

In regard to stakeholder involvement in the Customer Service Commitment, it should be noted that the letter from SRA, cited above, also stated that contact would be made with NCOSS 'regarding future service delivery and to ensure representatives of welfare groups are invited to consultation meetings'. NCOSS has received no contact from CityRail since May 2001 in relation to the Customer Service Commitment.

NCOSS restates its view that there is a need for a charter, developed with the involvement of a wider range of key stakeholders, including peak community organisations, which sets measurable standards of performance for CityRail. Performance against the charter should in part be measured by the administration of independent passenger surveys and be overseen by an independent monitoring authority.

NCOSS remains keen to work with SRA to develop an effective charter addressing key stakeholder and passenger concerns.

*NCOSS recommends that SRA provide IPART with a detailed plan for the evaluation and further development of the CityRail Customer Service Commitment 2001-02, specifying its plans for the involvement of key stakeholders and the development of measurable performance standards.*

## **2.2 Service standards and performance assessment**

The SRA submission provides detail on a range of activities relating to CityRail's performance during 2001-02. Notwithstanding this detail, there remain several gaps in the measurement and evaluation of CityRail's performance.

The principal measures of operational performance are service reliability and

timeliness of peak services, cleaning and refurbishment of trains, staff training programs, security and management of State Rail stations. In many areas of performance the submission does not provide information on CityRail's 2001-02 targets or actual performance against those targets. Significantly, service reliability is considered only in relation to performance of peak services. With the increasing usage of rail in shoulder periods due to changes in the labour force, CityRail should also include measures of service reliability in non-peak periods.

NCOSS could not locate any performance information on customer satisfaction data. As discussed above in relation to the Customer Service Commitment, NCOSS has argued for CityRail to develop and publish measurable standards of performance, including independent passenger surveys and independent monitoring.

*NCOSS suggests that the Transport Data Centre could more effectively be used to develop better reporting of customer concerns and performance against standards specified in a revised Customer Service Commitment.*

### **2.3 Fares pricing policy**

SRA presents a case for an aggregate fare increase of 2%, which it notes is 'significantly less' than the NSW Treasury forecast for the CPI.<sup>7</sup> It is proposed that no fares would increase for journeys of up to 20 kilometres and some amendments would be made to TravelPass boundaries and costs. According to SRA, it is necessary to concentrate price increases on longer distance bands in order 'to achieve greater long-term equality in fare increases'<sup>8</sup>. A minimum 20c increase in an adult single ticket would exceed the forecast CPI, and single fares in the shorter distance bands have in recent years increased relatively more than the longer distances.

NCOSS notes that according to SRA figures provided in Appendix D the proposed increases for longer distance bands are, in consequence, considerably higher than the CPI, with many increases between 4 and 5% and some as high as 6.1%. SRA has not attempted to establish that these increases are affordable for residents of outer Sydney regions. Given that Western Sydney and some regional areas adjacent to Sydney have high proportions of low income residents, limited labour market opportunities and limited means of public transport, NCOSS is concerned that no effort has been made to tie these increases to income levels of commuters in these distance bands, and therefore to their ability to pay higher increases in fares, derived from either Census or Household Travel Survey data. As **SRA** recognises in its submission the train user population includes a significant concentration of users with lower than average incomes, with 32% of train users having personal incomes of less than \$10,400.<sup>9</sup>

*NCOSS recommends that SRA provide IPART with data correlating the concentration of proposed increases to longer distance bands with the income levels and capacity to pay of commuters in these distance bands, and that consumer groups be given a further opportunity to comment on the proposed fare increases before any determination is made.*

NCOSS welcomes the decision not to change off-peak fares, with the increasing demand for transport in shoulder periods by casual workers and people with low-incomes.

## **2.4 Security/policing**

There are currently four categories of staff involved in security and revenue protection operations on the State Rail network:

- State Rail staff – involved in joint operations with police and security guards;<sup>10</sup>
- Revenue Protection Officers – 153 on the network at present;”
- Transit Police – paid for by the Police Service budget;<sup>12</sup> and
- Contracted security guards.

SRA states that Revenue Protection Officers are empowered to check tickets and issue infringement notices. However neither the CityRail Customer Service Commitment nor the SRA submission details how the respective roles and powers of each of these categories of staff are defined or communicated to the public. There remain questions regarding which staff have powers to:

- demand tickets, name and address details, proof of identification and evidence of eligibility for concessions;
- apprehend alleged fare evaders;
- issue infringement notices; and
- intervene to protect passengers in the event of a security incident.

There are also questions regarding staff training for categories of staff and contractors and mechanisms for appeal against exercise of powers.

NCOSS is concerned that this lack of transparency increases the potential for abuse, including increased surveillance and targeting of particular groups such as young people and indigenous people.

*SRA should provide IPART and consumer organisations with more detail regarding how security roles are delineated and communicated to passengers, the safeguards in place to ensure the reasonable use of their powers and mechanisms available against unreasonable exercise of these powers.*

## **3. STATE TRANSIT AUTHORITY**

The State Transit Authority (STA) is seeking fare increases of 1.93% for Sydney Buses and 0.46% for Newcastle Buses.

STA still lacks adequate definition of its service standards, especially from the customer's perspective. While the fare increases sought for Sydney Buses are principally aimed at commuters, there appears to be resistance to development of discounted multi-trip ticketing options that could be of benefit to lower income passengers.

STA outlines a number of service 'enhancements', including changes to the Newcastle bus network during 2001. NCOSS has received reports of reduced services and lower service standards in Newcastle.

### **Summary**

*NCOSS recommends that the fare increase sought by STA for Sydney Buses be granted and the Tribunal require from STA information regarding:*

- 1. The planned process for implementation of a customer charter for bus passengers;*
- 2. The development of its current performance targets into measurable service standards;*
- 3. Options for introduction of more ticketing options for multiride discounted tickets; and*
- 4. The assessment methodology for evaluation of the 'Better Buses' program, in particular from the customer's perspective.*

*NCOSS recommends that Newcastle Buses not receive any increase in fares due to reductions in service standards during 2001.*

### **3.1 Customer charter**

STA is currently working with Transport NSW to implement a 'generic Service Charter' in order to provide passengers with a Guarantee of Service.<sup>13</sup>

In line with its concerns relating to customer charters and performance assessment for rail, NCOSS believes a service charter for bus users should be developed and implemented with full stakeholder and community involvement and it should include measurable service targets and objectives, a process of independent measurement (including customer satisfaction) and the publication of performance data.

*NCOSS recommends that Transport NSW consult with consumer representatives and key stakeholders in the development and implementation of a service charter for transport agencies.*

*NCOSS recommends that STA provide further information regarding its plans for the implementation of a customer charter for bus passengers.*

### **3.2 Service standards and performance measurement**

The six requirements listed for bus service performance are not in the main linked to measurable targets and none include data concerning past performance against the 'targets'. This makes it difficult to assess any improvement in service provided to customers. The requirements make commitments to reliability, convenience, efficiency, courtesy, comfort and safety and security.<sup>14</sup> The associated targets are

largely a combination of initiatives ('all buses are equipped with CCTV') and aspirations ('we aim to buy only environmentally friendly buses').

*NCOSS recommends that STA develop these targets into measurable service standards and provide details of the sampling and assessment methodology.*

Where STA provides assessment against limited key performance indicators (on-time running, trips cancelled and customer satisfaction), there are no customer satisfaction ratings provided for Newcastle Buses and the submission indicates no plan to begin conducting such research. There is also a lack of longitudinal data about customer satisfaction: for the two bus services' performance over the past four years, a measure of customer satisfaction is 'not available' on six out of eight occasions.

While STA has named sources of information about its customers, from which it derives its customer profile,<sup>15</sup> it has provided no summary or analysis of that information and it has not attempted to draw conclusions about the key characteristics of its customer base.

Transport NSW has still not finalised the Performance Assessment Regime (PAR) for transport agencies and it is unclear from its submission how STA plans to relate their current six performance requirements to the six different benchmarks in the draft PAR."

### **3.3 Fares pricing policy**

NCOSS supports STA's stated commitment to concentrating fare increases towards commuter-oriented products, specifically the TravelTen and TravelPass, thereby minimising the social impact of fares increases, 'given that single ticket users are more heavily represented in lower income groups.'"

However NCOSS wishes to see this extended to the introduction of new ticketing options, which would provide discounted multi-trip tickets without the current prohibitive upfront cost. In its 2001-02 determination, the Tribunal recognised that '[u]sers of the single tickets are more heavily represented in the lower income groups [than users of multiple trip tickets]' and stated that STA had indicated it was considering other ticket types such as a Travelsix aimed at part-time and casual workers.<sup>18</sup> STA in its submission appears to distance itself from this proposal, stating that while '[i]t has been suggested that State Transit should consider introducing a TravelTwo and/or TravelSix' it would not be able to offer the same discounts due to the additional ticket issuing costs.<sup>19</sup> It would consider introducing these products if consumers expressed a demand for them through surveys. Such a process appears to pay no regard to social considerations of public transport ticketing policy, and is very passive, relying on passengers to suggest the product. NCOSS believes that multiride discounted tickets could still be offered at lower upfront costs which would, in addition to bringing discounted tickets within the financial means of many lower-income people, reduce cash handling on buses and produce efficiency savings in dwell times and run times.



*NCOSS recommends that STA more actively pursue options for discounted multi-trip tickets, including exploration of viable discounts that could be offered relative to the number of trips on each ticket.*

*NCOSS recommends that the new customer satisfaction surveys to commence in July 2002, canvassed by STA in its submission, should include explicit reference to strategies to provide discounted multiride tickets with lower upfront costs.*

### **Smart card ticketing**

Finally, STA has referred to the opportunities that may be provided by the introduction of smart card ticketing from late 2003 to adopt new fares and ticketing policies and has committed itself in the meantime to considering specific ticketing policy reforms.<sup>20</sup> NCOSS understands that a review of fares and zone structures has been conducted in Queensland in preparation for smart card introduction, during which Queensland Transport has worked with the Qld Council of Social Service (QCOSS).

*NCOSS suggests that IPART should seek further information on the review of fares and zones in Queensland and make recommendations regarding a similar process linked to the introduction of smart card ticketing in NSW.*

### **3.4 Service enhancement**

The main service enhancement detailed by STA is the 'Better Buses' program, which it has implemented in Sydney's North West and plans to extend to all operating regions over the next three years.<sup>21</sup> As described, it involves a process of community and stakeholder consultation followed by the development of 'an innovative and effective network that meets the needs of a majority of people'.

Such a process raises several concerns. It involves a relatively passive form of community involvement, with a focus on individuals voicing opinions on bus services. It seems that no effort is made to engage peak bodies or key stakeholder organisations. It does not describe how the implementation of a 'Better Buses' program would incorporate community service obligations into network design or how it would meet the transport needs (and access and equity considerations) of groups such as people with disabilities, older people and people on lower incomes. The submission also does not indicate a process or methodology for assessing the degree to which the program actually has met the needs of passengers, and which groups of passengers.

*NCOSS recommends that STA revise the 'Better Buses' program to include comprehensive consultation key stakeholder organisations before any changes to bus network design are implemented.*

*NCOSS further recommends that STA revise the 'Better Buses' program to include comprehensive and independent assessment of the impact and effectiveness of*

*changes to bus networks, with particular reference to their impact on disadvantaged groups in the community.*

### **Newcastle network changes**

NCOSS is concerned that changes to the Newcastle bus network introduced in 2001 have resulted in a lessening of service standards and produced significant social impacts for disadvantaged groups in the Newcastle community.

*Given that IPART considers service standards as part of its determination of public transport fares, NCOSS recommends that Newcastle Buses not receive any increase in fares due to the reductions in service.*

The changes to routes and timetables were introduced following a – clearly inadequate – period of public consultation. NCOSS has received reports of serious concerns in the Newcastle community regarding a reduced number of services and fewer buses running to primary destinations as a result of changes to the network.

While residents from a few suburbs now appear to have access to a greater range of destinations through the bus network, it would appear that many residents have experienced a lowering of service standards in relation to bus frequency, level of crowding, travel times and bus routes to primary destinations. NCOSS has received reports that these changes have had a major impact on older people and students (who make up an estimated 70% of Newcastle bus users<sup>22</sup>) and unemployed people. Some later amendments were made in response to complaints from commuters and local MPs, although these appear to have been *ad hoc* and in response to specific complaints.

One recent analysis of the changes to the Newcastle network, published in the journal *Transit Australia*, noted that ‘many of those who have no alternative means of transport seem to have been treated disgracefully by a process to reduce running costs and fleet size as much as possible with little thought to citizens’ convenience or safety.’<sup>23</sup>

The experience in Newcastle reinforces the need for more effective consultation and clear assessment of outcomes for all service reviews under the ‘Better Buses’ program.

## **4. TRANSPORT CONCESSIONS REVIEW**

NCOSS remains concerned at the continuing lack of outcomes from the Public Transport Authority’s (PTA) review of transport concessions. The review commenced in September 1999 and submissions closed in December 2000. It is unclear what progress has been made to date by the review or its anticipated date of completion.

Due to entrenched inequities in current transport concession policy and practice, the

current system is unable to act as a safety net for low-income consumers. Any increase in fares impacts disproportionately on certain groups, including unemployed people, all people on pensions and benefits in areas serviced by private buses and students in areas serviced by private buses.

The groups for whom transport concessions are inadequate have been well documented by IPART's Fair Fares inquiry and in submissions to the Public Transport Authority's review into transport concessions.

*NCOSS recommends that the inequities and access concerns relating to transport concessions should be resolved before implementation of any 'Smart Card' electronic ticketing systems. The problems with the current concessions regime should not be embedded in any new technological infrastructure.*

## **5. WESTERN SYDNEY TRANSITWAY FARES**

The contract to provide bus services on the Liverpool-Parramatta Transitway has been awarded to a subsidiary of STA. NCOSS understands that the usual STA concession rates will not apply on this route, as a result of the interpretation of competition policy applied in the competitive tender process.

NCOSS is concerned that a public provider therefore will be delivering services on the basis of private sector fares and without regard to questions of equity and social inclusion. This will also add to the inequity and complexity in transport concessions, at a time when there is a need for reforms to concessions, as outlined in many submissions to the Public Transport Authority's review into transport concessions (see above).

*NCOSS recommends that IPART oversee the determination of fares and implementation of service standards for the Western Sydney Transitway.*

## **ENDNOTES**

<sup>1</sup> SRA Submission, p.19.

<sup>2</sup> Council of Social Service of NSW (NCOSS), *Submission to 2001/2002 Public Transport fares Determination by IPART*, April 2001, p.2.

<sup>3</sup> Letter from Ron Christie, Acting CEO, State Rail to Dr Thomas Parry, IPART, 4 May 2001 (copied to NCOSS).

<sup>4</sup> IPART, *City Rail and STA Buses and Ferries, Public Transport Fares from 1 July, 2001*, p.19.

<sup>5</sup> In November 2001 the Minister for Transport announced the establishment of a Rail Safety Regulator and a Rail Accident Investigation Panel, as well as the extension of the term of the Coordinator General of Rail until December 2003, as noted in the SRA submission, pp. 7-8.

<sup>6</sup> SRA Submission, pp.23-24.

<sup>7</sup> SRA Submission, p.46.

<sup>8</sup> SRA Submission, p.46.

<sup>9</sup> SRA Submission, pp.11-12.

<sup>10</sup> SRA Submission, p.33.

- <sup>11</sup> SRA Submission, p.43.
- <sup>12</sup> SRA Submission, p.33.
- <sup>13</sup> STA Submission, p.18.
- <sup>14</sup> STA Submission, p.19.
- <sup>15</sup> STA Submission, pp.28-9.
- <sup>16</sup> STA Submission, p.17.
- <sup>17</sup> STA Submission, p.6.
- <sup>18</sup> IPART 2001-02, p.13.
- <sup>19</sup> STA Submission, p.8.
- <sup>20</sup> STA Submission, **p.7.**
- <sup>21</sup> STA Submission, p.21.
- <sup>22</sup> Anon, 'Newcastle Bus Services Review', *Transit Australia*, vol. 57, no. 5, 2002, p.121.
- <sup>23</sup> Anon, 'Newcastle Bus Services Review', p.130.