

Action for Public Transport (NSW)

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Dear Mr Cox,

2012 Review of Customer Engagement on Prices for Monopoly Services

Introduction

In February 2012, the Independent Pricing and Regulatory Tribunal (IPART) issued a Discussion Paper on the above topic. This is part of a review of how businesses whose prices are regulated by IPART engage with their customers. IPART has called for comments on these preliminary views before releasing a Draft Report later this year.

APT is pleased to supply the following comments. As a public transport advocacy group, our comments will generally be confined to public transport.

We have included extracts from IPART's Discussion Paper in an Appendix to give readers some background information to this submission.

Summary

APT thanks IPART for bringing the subject of customer engagement to the fore, and for the investigative work done. We agree generally with the tone and substance of the Discussion Paper and therefore have not commented in detail on each question raised.

We have, however, expounded at greater length on the lack of consultation with potential customers by the designers, past and present, of the transport ticket smart card. In particular we have criticised the Public Transport Ticketing Corporation (PTTC) for its closed-door development. IPART may consider the PTTC not be a "regulated business", but what the smart card allows or forbids will strongly influence the fares charged.

We have also sympathised with IPART in the problems of obtaining customer panels and data that are representative of a greater proportion of customers.

IPART's Preliminary Views

1. Do you agree with our preliminary view as outlined in Chapter 2 of this discussion paper?

APT agrees with the desirable processes 1 – 8 as listed (see our Appendix) and also with the suggestions for improving the process. Whether these desirable processes coincide with the current practices of the transport authorities is another matter.

2. Do regulated businesses survey their customers about their strategic plans and service standards? How can current or future surveys by regulated businesses about strategic plans and service standards best feed into price reviews?

The over-arching body, Transport for NSW, and its predecessors, have usually consulted with the public on service changes to buses, trains and ferries. Draft timetables and route maps are issued for comment some months before planned implementation. Public comments are considered. Not all can be accepted, of course, and reasons are usually given for rejecting certain requests. Consultation on new vehicle design is usually limited to special interest groups. Consultation on multi-billion dollar rail projects is always well advertised, and protracted.

Service standards and customer satisfaction are regularly surveyed by various means, and customers are not backward in letting the info line 13155 know their thoughts.

Although IPART has long arranged public debate on prices and fares, the providers themselves have rarely offered any prior consultation on proposed price changes. The most dramatic instance of this was on 1st February 2010 when the government surprised everybody by announcing the new MyZone ticket and fares system. MyZone had apparently been in development for months under conditions of strict secrecy. Consultation took a back seat to the politics of the time. APT was very pleased with the outcome but nevertheless there was no consultation at all.

Even IPART's public consultation on fares has been reduced in frequency from once a year to once every four years. This followed the introduction of four-year "pricing paths" for rail and bus fares. IPART conducts its own internal review of the pre-determined fares each year to ensure that they are still appropriate, but public consultation is not sought. Even after the radical changes to fares and tickets with the start of MyZone in April 2010, IPART still did not think it necessary to re-engage with the public, and APT complained about this.

Public Transport Ticketing Corporation (PTTC)

The Public Transport Ticketing Corporation is another body with much to do but little to say. The most recent posting on their web site is October last year, six months ago.

The original T-card was conceived and aborted without any public assistance, despite the frequent attempts from APT and other groups to have a say. APT has on file an email to the Project Manager, T-card dated 12th July 2004 saying:

In the early days of the development of the Tcard, intensive public consultation was promised.

It does not appear to have materialised.

Could you please advise current policy on public consultation.

Even now, the OPAL smart card is being developed with no public input. APT's last meeting with PTTC, according to my records, was 17th June 2009. It is time that their work was dragged out into the sunlight.

There have been briefings of course – “This is what we are going to do. Any questions?” And, if there were any questions, the answer always was “The card can do anything asked of it, but the Minister has not yet decided.” The excuse for this stonewalling was (and is) that the PTTC’s customers are the transport operators and not the man on the Clapham omnibus. He doesn’t need to know. However, the man on the Clapham omnibus DOES need to know. The smart card is more than just technology – it is fares and prices.

We are aware that the PTTC is not a “regulated business” in terms of IPART’s definition, but the original T-card project began long before the PTTC was formed in 2006. It was part of the transport administration then and, despite its new corporate cloak, it is still part of the transport administration.

The PTTC web site says:

The Public Transport Ticketing Corporation (PTTC) is a NSW Government agency under the Transport Administration Amendment Act 2010. Administratively, the PTTC is part of Transport for NSW, within Transport Services.

<http://www.pttc.nsw.gov.au>

IPART should consider the PTTC to be a regulated business, or part of a regulated business, and request that it consult with the public transport users.

Engagement Options

IPART asked, “Do you agree with IPART’s overall assessment of the customer engagement options? Our short answer is, Yes, and we appreciate IPART’s work in compiling these options.

Under Option 6, Consumer Panels, IPART mentions the case of long-standing members of a panel who may begin to be less representative of consumers as they become more involved in the process. APT is acutely aware of this osmosis as we struggle to remember the passenger’s point of view rather than the operators’ options.

We also note the several mentions (page 35 and page 38) of the imbalance of data received about disadvantaged customers. Such persons represent between 10% to 30% of the community, but are the subject of the bulk of the data received by IPART. This data comes from government agencies or customer representative bodies. IPART is concerned with how to reach out to, or engage with, the other 70% to 90% of customers.

APT is keenly aware of this situation also. The writer has often noted that, when attending various transport meetings, he is the only person not being paid to be there. Everyone else is employed by the government or by the consumer agencies. There is no transport organisation representing the majority of healthy, suburban, employed salary-earners. Action for Public Transport tries to fill this gap, and we will often allow NCOSS or a locally-based group to deal with a problem relating to their clientele.

The “unrepresented” people above do make use of modern communications methods to send their complaints to the info-line 131500. And this is useful, because the provider can see where the biggest problems are. However, there is little communication initiated by the provider.

All, or nearly all, transport providers and their planning sections have now been gathered together under the one authority (Transport for NSW or TfNSW). It may be time for that authority to look at the existing customer panels, and consider if they need re-vamping. We understand that under NSW legislation, all departments or authorities providing a service to the public must have a customer reference group, by whatever name.

Conclusion

APT looks forward to further involvement in this review.

Yours faithfully,

Allan Miles
Secretary
Action for Public Transport

APPENDIX

The main issues for stakeholder comment (Section 1.7) are:

1. Do you agree with our preliminary view as outlined in Chapter 2 of this discussion paper? If you do not agree, why?
In your response please address specific points as numbered in the chapter.
2. Do regulated businesses survey their customers about their strategic plans and service standards? How can current or future surveys by regulated businesses about strategic plans and service standards best feed into price reviews?
3. Do regulated businesses survey their customers on price/service trade-offs before submitting a price proposal to IPART? How can current or future surveys by regulated businesses about price/service trade-offs best feed into price reviews?
4. Do you believe that constructive engagement could be an option in any of the industries we are regulating?
5. Do you believe that the use of new media (digital and social) can improve the way we communicate with the public?
6. Do you agree with IPART's overall assessment of the customer engagement options?

IPART's Preliminary View

Desirable Processes

1. Customer engagement is useful for businesses in delivering services that customers want and are willing to pay for.
2. Customer engagement can be done at different levels and is most effective as part of ongoing strategic planning by regulated businesses.
3. We do not advocate any particular engagement option. It is the responsibility of the regulated businesses to choose options that fit their particular circumstances, and to ensure the customer engagement is robust, cost effective and relevant to the decisions on service levels and prices.
4. Regulated businesses should demonstrate that they have adequately consulted their customers in developing their prices and service proposals.
5. Regulated businesses should consult with their consumers about service standards and price/service trade-offs before submitting a price proposal. Evidence of this should be submitted with the price proposal.
6. Regulated businesses should provide us with a plain English version of their price and service proposal aimed at consumer representatives and average households.
7. We understand that regulated businesses may need guidance regarding engagement. We are willing to discuss this early in the review process.
8. When assessing pricing submissions, we will take into account evidence of customer support for the proposal and any other factors we consider relevant.