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Dr Peter Boxall
Chairman
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Dear Dr Boxall

2013 BUS SUBMISSION TO IPART

Thank you for the opportunity to comment on matters raised in the Issues Paper concerning the review of fares for metropolitan and outer metropolitan bus services from January 2014 and the proposed changes to IPART's approach to setting bus fares.

Before commenting on the specific issues may I raise some general issues?

- A modern bus service must meet modern needs and use modern principles of operation, service and technology. Now is the generation of the IPod, twitter, Blackberry, eTag and Apps. Marketing, ticketing and bus information must keep pace.
- Comfort, hygiene, facilities and passenger aids must be equal to if not better than other modes of transport and the private car. If full fare paying commuters are to be expected and encouraged to use buses then the standards must be very high. The taxi industry has recognised this with the provision of "Silver Service" and Hire Cars. Coaches also offer real luxury in order to compete.
- The era of oversized buses driving along prescribed routes with little if any passengers is totally unacceptable to the taxpayers, the environment and the community members who do and would catch a bus if it met their travel needs.
- The fare determination process should not revolve around IPART trying to justify the cost of running a bus regardless of patronage levels and utilisation levels of equipment. The emphasis must be on efficiency, performance and reward for results.
- I contest that IPART needs to address the issue of fares from a passenger viewpoint not a bus operation view point.

IPART needs to determine what is a fair level of remuneration for the carriage of a passenger over a distance of one kilometre for high, medium and low density areas.

The bus operator would then determine the vehicle size and type necessary to provide the service.

- The fare determination should not involve third parties. Either the Ministry of Transport is the operator and hires buses to operate their services (as the rail buses do for track work) OR the Ministry of Transport simply licences the routes and operates the bus network customer information system.
- Bus operators must be given the opportunity to use their entrepreneurial skill and industry knowledge to introduce new routes and public transport options to attract the billions of bus journeys currently lost to the industry because commuters' needs are unmet.
- Fares are not an issue. The issues are value for money, timeliness and convenience. People will willingly pay if the service meets their needs.

The IPART process as outlined in the discussion paper is inappropriate for setting the Newcastle and Hunter Valley bus fares. I support this with the following information:-

- The Hunter is a very large geographic area with a very low population density.
- The Hunter does not have a suburban rail service. Rail travel is a sideline to inter city services. This is the opposite to Sydney.
- The Hunter has a high proportion of shift work and large scale industrial sites (like mines, coal terminals etc.)
- The Hunter is a 7 day a week work place.
- The Hunter has a low level of acceptance of public transport.
- Public transport can be a key provider of tourism travel.

Below are my comments on the list of issues for comment:-

1. For the purpose of setting bus fares in the metropolitan and outer metropolitan regions is it reasonable for IPART to focus on the four largest contract regions (the four STA metropolitan regions) as the foundation for estimating the costs and benefits of bus services?

It is not reasonable because there are major variants between the regions. These variants include:-

- other modes of transport
- car use and parking

- journey distances
- population density
- commercial activity
- age of patrons
- bus stop facilities
- characteristics of each of all the regions
- connection with other forms of public transport

It is also not reasonable to use only STA regions.

I would nominate 2 STA regions, 1 Private region and 1 mixed region (eg Newcastle)

It must also be considered that some regions offer commuters and customers alternate modes of travel and that those alternates may also be very variable in quality and performance.

IPART should consider a broader set of contract regions in its review of the costs and benefits of bus services unless the determination is based on “a passenger” and not “a bus”. The concept regions become of no significance if the basis is passengers.

2. What is the appropriate length of time for the fare determination?

Three years or sooner if there are significant change factors or if there is a clear call from the community for a review or partial review.

All public transport fares should also be in unison. Because it would improved integrated public transport ticketing system and allow for a range of marketing and promotional strategies.

3. The use of a building block approach to establish the efficient costs of providing bus services in the 4 largest contract regions. Do stakeholders agree with this approach?

I totally disagree with this model as it is based on promoting a grossly inefficient system that is centred on bus operators and not passengers.

IPART needs to address the issue of fares from a passenger viewpoint not a bus operation view point.

IPART needs to determine what is a fair level of remuneration for the carriage of a passenger over a distance of one kilometre for high, medium and low density areas.

4. Have there been any changes in the 4 largest regions (STA regions) that would warrant a revaluation of existing assets that make up the RAB?

Yes, the population and density of Sydney has risen and public transport demand is up.

There has been some shift from buses to improved train services.

There has been patronage increases on buses in particular in the private sector as operators work hard to meet new needs. The introduction of 100 seat double deckers by Forrest and Hills is an example. These double deckers not only benefit the passengers but also only take the same depot and road space as a single bus. A significant saving over the bendy bus footprint.

In the Hunter the situation has progressed from bad to desperate.

- The bus review was a total failure with massive patronage losses
- The guide lines from the past IPART determinations have not materialised.
- Newcastle Buses now have a service delivery ratio of about 1 passenger per kilometre travelled (or about 54 empty seats per KM travelled!)
- The CBD Fare free zone only has about 3 passengers per km travelled despite the fare being ZERO for every passenger travelling within the zone.
- The “loopy green” free shuttle bus was introduced. Again a total failure with patronage for the free service being 1.1 passengers per kilometre travelled.
- The use of school buses has plummeted as parents continue to drive children to school. A visit to schools will show many near empty school buses arriving at or leaving from the school.
- All buses seem to have considerable empty running or not in service operation.
- Bus travel to the University is declining despite additional services. Train patronage is rising.
- Newcastle buses are now covering the windows of buses with extensive advertising to hide the empty seats and cover up the vandalised windows.
- The covered windows are not meeting with patron support because they have difficulty in identifying destinations particularly in moist weather conditions.
- The bus fleet is aging.
- Bus stops are pathetic with very little improvement since the last fare determination.
- Safety on the buses is now a real concern for many potential travellers.
- Certain school children and some passenger groups are totally out of control.
- The routes are now complex and “go round the world”. A trip from inner city Islington to John Hunter Hospital takes about 30 minutes minimum plus 10

minutes walking for a 7 minute car trip. A trip to an evening meeting at Spears Point from Maryville requires an overnight stay!

- There is no colour coding of key destinations in the timetables and there are no LED location colour lights or similar to assist customers.
- The “stretch limos” provide a very poor option for the less abled people.
- Newcastle Buses do not attend the Hunter Commuter Council meetings.
- On time running is well outside reasonable parameters.
- There has been no increase in kilometres covered by services
- A large passenger group simply do not pay fares and there is little effort to collect these fares.
- Bus graffiti is rife and not detected by CCTV.
- Ticket machines are very slow.
- The Transport Master Plan for the Hunter region has not yet been conducted

5. We propose to allocate the efficient costs to be recovered from passengers and taxpayers on the basis of the external benefits of bus services in the 4 largest contract regions. Do stakeholders agree with this approach?

No.

As stated in the introduction the criteria should be based on passengers not buses.

In the case of Newcastle the word efficiency could not be used in the same sentence as 1 passenger per km travelled stretch limos.

6. Should we determine the average change in fares rather than determine maximum individual fares for bus services?

IPART should not be setting the maximum fare, the minimum fare or the average fare.

IPART should set the actual fare to be paid by the passenger.

For IPART to determine an economic fare based on the costs etc of operating a bus becomes a joke when the government or operator discounts the fare.

IPART sets taxi fares that are absolute. Motorists do not pay of petrol, pies or beer on a sliding scale.

IPART should simply set a fare based on a base price plus distance cost and recommend to the government that subsidies be provided for school children, pensioners, concession etc.

Where a bus is chartered for exclusive use of the hirer IPART should not set a fare.

7. Should we allow a 'catch up' factor so that if fares increase by less than the maximum allowed amount in one year, the foregone revenue can be recovered in subsequent years?

Definitely No

That would be like going to the pie shop and having to pay extra for the pie you purchased a month ago.

8. Should we apply additional price limits to any individual fare type(s)?

No

The government policy is for uniform fares. If there is to be reduced fare than the government should make a payment to the passenger just like it does for the taxi disabled subsidy.

9. Should we consider the merits of introducing peak and off-peak fares for buses?

No

The government policy is for uniform fares. If there is to be reduced fare than the government should make a payment to the passenger just like it does for the taxi disabled subsidy.

10. Are our proposed pricing principles relevant to determining fares for buses? Are there any other factors that we should take into account?

No

This should not be about the price for the bus but the fee to be paid to the operator by the passenger in return for providing transport in the operators bus.

This is a fee for service issue.

11. Are there any other factors we should consider when determining forecast patronage growth over the next 3 to 5 years?

Yes

Growth can come from changes to the demography or from the efforts of the operator to satisfy the passenger's needs.

Negative growth can also come from demographic change or from poor operator performance.

More frequent fare determinations help address this.

The IPART fare structure should reward excellent operator performance and penalise poor operators.

The long term failures of STA Newcastle Buses has now degenerated the use of bus serviced to rock bottom. Passenger rejection is a very serious factor and negative growth is set to continue.

12. Are IPART's proposed assessment criteria for the review reasonable? Should IPART reconsider the criteria, or prioritise them differently?

IPART need to review the criteria as the assessment criteria that sets radical change to "fix the buses"

In Newcastle every bus need to be replaced with a 12 seater mini bus and the frequency of services doubled.

This will contain costs, improve safety, offer passengers greater comfort and importantly greatly improve patronage.

The bus fleets need to be assess as profit or loss can be cloaked in the costs. The commercial market value as at the most recent June 30 of all vehicles and land values of depots etc plus 10% to cover stock on hand, small items and other assets needs to be taken into account.

This would be simple to calculate as the vehicle lists are clear and the depot values regularly assessed by the Valuer General;

The return on capital invested should be equal to at least the CPI as this is a readily available figure and allows the bus enterprise to keep pace with the community.

There should be no contribution by the taxpayer to the bus operator. Taxpayer contributions should be via rebates, benefits and alike direct to passengers according to circumstances and government policies. The health model could be followed and electronic ticketing could be the mechanism.

Third parties such as developers of new subdivisions may choose to make a financial contribution to encourage the establishment of a new route for that area.

IPART should determine the level of funding that is required to move people by bus within a community to a reasonable service level to implement the Governments 2021 Plan goals and objectives.

IPART second step should be for IPART to determine the value of external benefits that should be funded by the third parties. For example buses play an important part in the viability of sport venues and shopping centres. Owners should contribute to the cost of providing buses to such locations.

The third parties can include developers, sporting and entertainment bodies, local government, State Government and Federal Government. If buses are used to meet their objectives then they should contribute.

The social inclusion and mobility of the lower socio-economic group, the environmental impacts, the alternate to car use and car parks, avoided traffic accidents and crowd control etc are some of the external benefits of bus services.

IPART should determine the identifiable external benefit by valuing the quantifiable items and then doubling it.

When determining fares IPART should not take into account the likely implications of affordability. This is the responsibility of other agencies to determine benefit payments. It is simply wrong for a bus operator who has a high proportion of full fare passengers to be compared with an operator with a high level of concession fares.

As stated above fare prices are not the issue. IPART should be concerned about the delivery of quality services that meet customer's needs. Affordability will then not be an issue as people are more than willing to pay for the service they require. That's why passengers pay taxi fares.

The type of fare should average out to be the same no matter how it is calculated. Uniform fares have major advantages.

At the end of the day a bus should generate the same gross revenue per passenger per km of running. In Newcastle's case some journeys are cheaper and some dearer. The time based fare should be discontinued for the sake of uniformity with the total system.

By way of example the price in many retailers is the same in every store in the state and buses because of integrated ticketing should be the same.

The demand for bus services will be largely determined by the quality, reliability and effectiveness and speed of the services offered.

Price is certainly not a determining factor.

This is very clearly illustrated by the extremely low uptake of patron on the extensive Newcastle Free bus Zone services

A second example is where commuters choose hire cars or taxis instead of a bus. The fare may be 10 or 20 time that of the bus however is willingly paid because it meets the travellers need for quality, reliability and effectiveness and speed of the services offered.

- a) Bus use is dependent on the ability of bus services to provide patrons and potential patrons the service they require.

The boom in community, club and pub buses is a very clear measure of the inability of the major services to meet the community needs.

The Internet will continue to reduce bus passengers as the need to pay bills, post letters, do shopping and even go to work will continue to fall.

Shopping centre private special buses may well be an area of growth that will diminish route passengers. They already operate extensively from retirement villages.

- b) The patronage decline of the Hunter is likely to continue unless there is drastic action taken by the operators and IPART.

The calculation should be measured by the number of potential journeys lost.

- c) IPART should not be concerned about ticketing technology. IPART should simply concern itself with passenger fares. Ticketing is an operator responsibility and concern.
- d) The fare for each journey should be for that journey and that journey only. If you change bus or change mode then you pay again.
An integrated public transport system is much more than just one fare for multi journeys.
- e) IPART should keep the system simple. The fare should be “x” per km of route travelled. If you drive your car the car uses the same amount of fuel for each km. The bus is the same and the cost to operate it between section 20 and 25 is the same as between section 10 and 15.
- f) IPART should not take into account any social factors when considering the fare options for bus passengers. Bus services should be considered no differently than any other commodity. The fare set should be the fare paid by all passengers. A uniform fee has considerable advantages and totally removes the potential for fraud by passengers claiming to be students, pensioners and alike. Ticketing and fare collection is also simplified considerably.
McDonalds, phone providers and service stations do not consider social when setting prices so why should bus fares be different?
- g) If the government or any other organisation wants to help a group of passengers for social or other reasons then they should provide that concession direct to that group. Water, electricity food and petrol all have one price for all retail users. In the case of water and electricity rebates are paid.
- h) The free school student transport scheme should require the students to pay the normal fares and for the schools to pay the students who use the service a usage fee.

- i) The student travel should have no minimum distance requirement. I believe it is also reasonable that the students refund should be less than the actual fare paid.
- j) The school bus transport system is in need of urgent review as it is extremely wasteful, serves children very poorly and in context of this determination is a significant conflict with the operational objectives of public transport.
- k) There should be no fare free zones, areas or district unless the route is a specific route that is 100% paid for by a third party. In this case the bus would be effectively a charter bus.
- l) The practice of the Ministry paying the operators should also be revisited. I would favour a system where operators purchased a route and paid the Ministry for that route. The operator would retain all revenue collected. The Ministry would also act as an agent for other bodies providing rebates, subsidies and or other payments to operators for the carriage of disadvantaged groups eg pensioners,
- m) Factors IPART should take into account when considering the environmental impacts of bus fares should include:-
- Buses are commonly heavy vehicles. Their construction, operation and maintenance are heavy consumers of materials, products and resources and in turn place major demands on our environment.
 - To justify the huge use of these environmental consumerables the buses in service must carry large passenger numbers.
 - The carriage of passengers on Newcastle Buses vehicles averages about 1.05 passengers per kilometre travelled. Whilst the bus itself may be “environmentally friendly” it certainly is not when near empty all day every day.
 - The environmental calculations should be on the basis of per passenger carried and not per vehicle.
 - The Ministry practice of allocating areas to operators under the contract arrangement is also not environmentally friendly. The Ministry should contract routes and not areas.
- n) Buses are an essential service and deserve support even though their viability may be more difficult than in highly populated areas. Sparse potential patrons, longer routes, lower income of more isolated areas, lower levels of community infill and smaller bus companies are some of the reasons.

- o) The immediate introduction of seat belts is absolutely essential and price paths must encourage immediate uptake. As part of the process from the start of the new price path there should be no standing in any bus and each passenger should have their own seat. Operators should be provided with incentives to install or upgrade to seat belt equipped buses. It is quite ridiculous to have children roaming free in a bus whilst in a car they are entrapped in a child restraint until about 7 or above the nominated weight.

Seatbelts are a very serious issue and buses are not immune from accidents. The boy that died at Singleton from being catapulted from a bus would be alive today if restrained by a seat belt.

- p) Disability access requirements need to be renegotiated.
The capital costs of buses is increased by about 25% to cater for extremely low numbers of patrons with disability. Disability access and seating also increases the physical size of the bus thereby increasing operational costs. At the same time as inflating the cost of owning and operating the bus the government is heavily subsidising the provision of disability taxis and specialist community transport. Time has come to review the provision of public transport to those less physically able.
There are simply better and cheaper ways of providing public transport to those less abled.
IPART may also be interested to note that buses operated community transport services are frequently below the standard of bus required to be provided by normal bus service operators and importantly customers are very satisfied.
- q) There is a major need to greatly reduce the size of the bus used to provide public transport in the Hunter and many other locations.
Where operators use large buses the bus routes often become very long and convoluted in order to try to get a “bus load”. This slows journey time and is in turn a disincentive to use public transport.
With the car being the main competitor it is essential that bus travel be as car like as possible giving quick journey times, comfort and a high level of safety including seat belts
Mini buses immediately eliminates standing and equips buses with seat belts and air conditioning. Mini buses are also far more suitable for most country roads.
Mini buses have low capital costs as well as very much lower operational and maintenance cost.
Mini buses should replace most “stretch limos”.

I would be keen to be a presenter at the stakeholder meeting

I have no vested interest in any bus company or bus related business.

Yours sincerely

Rick Banyard