

20th September 2008

The Chief Executive  
Independent Pricing and Regulatory Tribunal of NSW  
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Dear Sir,

Review of Bus Fares  
Metropolitan and Outer-Metropolitan Bus Services  
Rural and Regional Bus Services

**A. Introduction**

We are pleased to present our submission to your review of bus fares. Our comments are mostly in response to the submission from the Ministry of Transport, but other matters are covered.

We acknowledge the usefulness of the Ministry's submission as a discussion paper, particularly the statistical data supplied therein, and express our appreciation.

We also acknowledge the Fact Sheet prepared by IPART. This can be seen at

(<http://www.ipart.nsw.gov.au/transport/bus-home.asp#>)

Our knowledge of Newcastle and rural and regional services is limited, so most of our comments will be confined to the metropolitan and outer-metropolitan services. We trust that submissions covering these matters will be made by people more familiar with the issues.

**B. Executive Summary of A.P.T. Submission**

**Single Fares and TravelTens**

- (a) We do not object to a rise of 5.45% in single bus fares and TravelTen prices.
- (b) There may be an error in applying the increase to the 3-5 section ticket price, resulting in an overcharge of ten cents. We request that this be examined.
- (c) We recommend another investigation of rounding single fares to even dollars or fifty cents to reduce delays caused by cash handling.
- (d) We welcome the establishment of a fixed city-wide discount of 20% on all ten-trip tickets.

**Private Bus Weekly**

- (e) We welcome the proposed introduction of a weekly ticket for private bus passengers, but seek further details on its operation.

**Multi-Mode TravelPasses**

- (f) We oppose the increases, ranging from 6.3% to 18.1%, sought in some TravelPass prices.
- (g) APT seeks a maximum increase in TravelPass prices of around six to nine percent.
- (h) We reject the proposition that it is possible to attribute discounts to TravelPass products.
- (i) We urge retention, review and extension of the TravelPass or similar zone system.

### General Principles

- (j) We are concerned that external financial benefits of the bus system were not presented as forcefully as external costs were.
- (k) The Ministry has failed to address some issues that IPART is required by law to consider.
- (l) The Government still clings to the 19th Century pay-by-distance regime as a base for fares.
- (m) The Government still cannot distinguish between a fares policy and a ticketing policy.
- (n) Some Ministry recommendations work against the Government's goal of mode-shift.

### C. Cost of Metropolitan and Outer-Metropolitan Services (Section 2)

(The section numbers refer to Sections in the Ministry Submission)

We acknowledge the government's financial contribution to the overall improvement of bus services in many ways as detailed in sections 2.2, 2.3 and 2.4 of the Ministry submission. These include payments to operators, financing new buses, construction of the North-West Tway, and provision of technology and infrastructure for bus priority.

We note that farebox revenue for metropolitan regions equates to an overall farebox contribution to the cost of service provision of about 41%. For outer metropolitan areas the farebox recovery is about 15%. These are average figures, of course, and the return on individual routes varies widely either side of that mark.

It is difficult to see how the final figure of 5.45% for "anticipated increase in service costs" emerges from the panoply of arcane percentages in the Ministry's submission. The figure seems not unreasonable, however, so we will accept it.

It is this figure (5.45%) that has been suggested as the increase in the single fare prices in order to maintain the current relativity between farebox revenue and government contribution. We have no objection in this instance to that figure being applied to single bus fares.

However, we disagree with the implied Ministry view that the costs of service improvements should be wholly recovered from the farebox (2.3). This is the implication of maintaining the farebox revenue contribution at 41%. Service improvements have broader, external benefits applicable to the community generally, including improved *availability* of access and increased property values.

We note that at the end of Section 2.4, (Other Costs) the Ministry suggests that IPART might in future "consider the scope of the additional costs Government incurs in investing in essential capital expenditure when determining fares for buses" in a similar manner to that discussed in the CityRail review. APT requests that, as well as external costs, the external financial benefits of an efficient bus system also be taken into account.

The Ministry draws attention (2.2.5) to the improved passenger "amenity" of the new metro bus vehicles. While we acknowledge the work done by Sydney Buses in developing better services, we would point out for IPART's benefit that as the metro buses are designed for high capacity and short journeys, we understand that most passengers will be required to stand. This will detract somewhat from "passenger amenity".

We also acknowledge the costs involved in providing bus priority infrastructure (2.4). However, such infrastructure should be seen as an improvement of the transport system itself, and not just a benefit to fare-paying bus passengers. Indeed, IPART should be aware that the benefits to passengers, and indeed, the wider community, are compromised by Roads & Traffic Authority

(RTA) policy. The RTA will not countenance the implementation of bus priority measures if such works might impact on the flow of "general" traffic. In other words, the RTA is concerned with moving vehicles, not people. This policy is not in the interests of passengers nor of the wider community.

#### **D. Service Improvements (Section 3)**

We acknowledge the many service improvements detailed under the following headings:

- integrated networks
- improved accessibility and amenity
- improved environmental performance
- fare harmonisation
- prepay only services
- better passenger information
- and future initiatives including a weekly ticket for private bus passengers

As someone said recently – “More to do, but heading in the right direction”.

#### **E. Service Outcomes (Section 4)**

These are discussed by the Ministry under the following headings:

- patronage trends
- farebox revenues
- bus service kilometres
- customer feedback
- customer satisfaction
- bus reliability

APT generally supports these comments.

Late Buses: In Section 4.4 (Bus Reliability) the Ministry records that 95% of buses left their origin point on time. Given that there are 7.5 million bus trips a year (see Section 4.1) it is a worry that 375,000 buses were late even getting to the starting barrier. We note also that 20%, or one and a half million buses, were behind time halfway round the track. Mercifully, no figure is given for the number of buses that passed the finishing post on time.

One asks what person or device records these times and statistics.

Full Buses: We note also that while statistics are recorded for early, late, incomplete and cancelled services, there is no measure of insufficient services. It would be useful if a record could be kept of how many stops were bypassed or how many would-be passengers were left behind because the bus was full. Similar figures are recorded in Brisbane.

The IPART Determination from December 2007 did request that such information be reported in future years. (Section 4.1. Page 22.)

Fare Evasion: It would be enlightening to see some comments on fare evasion - the level, the trend, the reasons, the action, etc.

## **F. Newcastle Buses and the Stockton Ferry (Section 5)**

The Ministry proposes applying the same 5.45% increases to the Newcastle master fares, resulting in the following ticket price increases after rounding:

1 Hour Ticket:	From \$3.00 to \$3.20.	Increase of 20 cents or 6.6%
4 Hour Ticket	From \$5.90 to \$6.20.	Increase of 30 cents or 5.1%
TimeTen Hour	From \$24.70 to \$26.10.	Increase of \$1.40 or 5.7%
All Day Ticket	From \$9.00 to \$9.50.	Increase of 50 cents or 5.6%

The discount on the TimeTen ticket (\$32.00 reduced to \$26.10) is \$5.90 or 18.5%, comparable to the discounts in Sydney.

Proposed new prices for the Newcastle TravelPasses are:

Orange TravelPass – unlimited bus and ferry travel.  
From \$39.00 to \$41.00, an increase of \$2.00 or 2.5%.

Yellow TravelPass – unlimited bus and ferry travel, plus rail travel to Thornton and Booragul.  
From \$46.00 to \$49.00, an increase of \$3.00 or 6.6%.

Pink TravelPass – unlimited bus and ferry travel, plus rail travel to Telarah, Awaba and Toronto.  
From \$49.00 to \$52.00, an increase of \$3.00 or 6.1%.

These TravelPass increases seem reasonable in comparison to the Sydney increases. However, we are unable to judge whether the actual prices are reasonable. The Ministry's submission gives no table of likely usage, as has been done for Sydney TravelPasses.

## **G. Other Relevant Issues (Section 6)**

These are discussed by the Ministry under the following headings:

- electronic integrated ticketing
- IPART's regulatory review of CityRail: Issues for bus fares
- efficient costs
- passenger and taxpayer contributions
- price paths
- equitable discounting

We have commented on some of these issues elsewhere in our submission.

## **H. Issues Not Dealt With**

IPART says in its Fact Sheet, that under Section 28J of the Passenger Transport Act, it is required to consider:

- monopoly abuse
- ecological sustainability
- social impact

The Ministry submission, as a discussion paper, provides negligible material on these subjects, nor are they dealt with in IPART's Fact Sheet.

## **I. Electronic Integrated Ticketing (Section 6.1)**

Electronic ticketing has been planned for Sydney for more than a decade. Yet the fundamental distinction between ticketing policy, and fares policy, and which should come first, is still not clear. The Ministry's position seem to be that the fares policy will be adapted to meet a new ticketing regime (“... fares for the new system”, 6.1).

We would argue that a holistic fares policy, taking into account the overall efficiency of Sydney's transport system, including the issues of climate change and “peak oil”, should come first. At the very least, the Ministry should immediately explain what the Government's current policy direction is, and invite public participation in reviewing it.

Crucial elements of both policies are distance-based, as opposed to zone-based fares, and the flag-fall charges associated with mode change. The Public Transport Ticketing Corporation has already called for expressions of interest for an electronic ticketing system using distance-based fares. We are alarmed that every mention of the new system is always accompanied by the public-relations spin that the passenger “will only pay for the distance travelled”. We alert IPART to the fact that every other mainland capital has a zone-based fares system.

We are also sceptical about the ability of a distance-based fares system to “encourage multi-modal travel” as claimed by the Ministry on page 34. In Sydney, any change of mode with a distance-based fare system has always meant payment of another flag-fall.

## **J. Review of Existing Ticket Types**

For many years now, reform of existing ticket types has been allowed to languish on the promise of a new electronic panacea “real soon now”. A report in the Sydney Morning Herald on 11/09/08 says that such a system “is unlikely to be readily available before 2014.” Our past experience with public transport ventures in New South Wales suggests even this date is extremely doubtful.

The government must review the existing ticketing system now and make immediate changes as necessary to reflect changed usage patterns. A review of the TravelPass zones would be a good place to start. The new bus contracts have re-organised routes to meet changed travel patterns, but the ticketing system remains the same.

A decision will need to be made soon about the TravelPass zones for stations on the Chatswood to Epping rail line which will open next year, and zones for the feeder bus routes.

Also, instead of murmuring about the inequity of the present TravelPass system that excludes private bus users, the Ministry should use its expertise to find a way to include these bus routes in a zoned ticket. Another six years or more is a long time to sit and wait and do nothing.

The Ministry's policy on equity in fares appears to be “all or none”. Lately, the scales have generally tipped towards “all”, to the benefit of the travelling public. However, in the case of TravelPasses, we fear the scales will soon tip to “none”.

## K. Recommended Fares (Section 7)

### Single Bus Fares (Section 7.1)

The following table is our recalculation of the Ministry's proposals for increases in single fares.

Distance	Current Fare	Current Master	5.45% of master	Master + 5.45%	Adult Rounded	Adult Increase
1-2 sections	1.80	1.77	0.096	1.866	1.90	0.10
3-5 sections	3.00	2.98	0.162	3.142	3.20	0.20
6-9 sections	4.00	3.99	0.217	4.207	4.20	0.20
10-15 sections	4.80	4.76	0.259	5.019	5.00	0.20
16+ sections	5.80	5.75	0.313	6.063	6.10	0.30

The calculation for the new master fare for 3-5 sections appears to be incorrect. While the amount is very small, it means the difference between an increase of ten cents and an increase of twenty cents in the ticket price.

The master fare, according to page 43 of the current determination, is \$2.98, and 5.45% of this is \$0.16241. The new master fare is therefore \$3.142, which should be rounded down to \$3.14, not rounded up to \$3.15 as the Ministry has done. Therefore the new ticket price should be \$3.10, not \$3.20. We request that IPART examine this apparent discrepancy.

Apart from that, we have no objection to the proposed new prices.

## L. Rounding Single Fares to the Nearest Dollar

In its 2007 submission for 2008 bus fares, the Ministry of Transport recommended a percentage increase which would have resulted in four of the five single fares being ten cents either side of an even dollar and the other fare twenty cents off an even dollar.

APT and other respondents suggested that for ease of cash handling purposes, the fares be rounded to even dollars - \$2, \$3, \$4, \$5 and \$6.

IPART was sympathetic to the idea but gave its arguments for refusing the proposal in the determination (Section 4.2). See Attachment "B".

As it turned out, IPART applied a different percentage increase than the one recommended by the Ministry and two of the most common fares came out as even dollars anyway. The current fares are \$1.80, \$3.00, \$4.00, \$4.80 and \$5.80.

APT again recommends reviewing the idea. While the cash handling problem is easing in the STA regions, it will continue to plague bus services in the private area for many years to come.

The unique circumstances that were present last year have now gone and so probably has the opportunity for another try at even dollar fares, unless IPART varies the percentage increase requested by the Ministry.

Fares rounded to even fifty cents would mean that some concession fares would end in five cents, which may not be seen as desirable from a cash handling aspect.

### **M. TravelTen Tickets (Section 7.2)**

The proposed new TravelTen prices all appear to have maintained the existing 20% discount from the single bus fare.

If IPART finds that the proposed new price of the 3-5 section single ticket is incorrect, then the price of the Brown TravelTen must be adjusted accordingly.

### **N. TwayTen Tickets (Section 3.7.1)**

These are TravelTen type tickets for use on the Liverpool-Parramatta Tway. It is pleasing to note that their price will be lowered resulting in an increase in the discount to the standard 20% that is available on other TravelTens.

The Ministry, with its cost-focussed outlook, says (page 9) “this is estimated to cost Government approximately \$9 million annually”. The Ministry makes no mention of what it might save operators in time, running costs and cash handling costs.

### **O. Private Bus Weekly Tickets (Section 3.7.1)**

The Ministry proposes this ticket in response to IPART’s prodding in last year’s determination:

*“However, in light of recent reports of further delays in the introduction of the T-card, IPART considers that the Ministry of Transport should again consider introducing interim measures to ensure that private bus passengers have access to these tickets.”*

While the new tickets will have the same fare structure as TravelTens, there will be at least one important difference. A TravelTen theoretically has no expiry date, but the private bus ticket lasts for only a week.

There are many unknowns.

- Does the week start on Sunday, or on Monday, or on any day?
- Is the ticket valid for only ten trips, or for fourteen, or for any number?
- Does it come in different prices for different distances, or one-size-fits-all?
- Is it valid on Saturdays, Sundays and public holidays?
- Is it valid for any operator or only for the issuer’s buses?
- How easy is it to buy one?

Remembering the “announce, advertise and abandon” cycle of many other public transport projects foretold for this state, APT will be “watching this space”.

### **P. Sydney TravelPass Products (Section 7.3)**

This is probably the only part of the Ministry’s submission that APT takes strong objection to. All figures in our submission refer to weekly TravelPasses. The price of a quarterly TravelPass is 11 times a weekly and the price of a yearly TravelPass is 40 times a weekly.

- (a) We object to some of the more opportunistic ticket price increases sought, based on alleged high discounts. Increases proposed by the Ministry range from 6.3% to 18.1%.

- (b) We consider that an invalid premise has been used to calculate the alleged discounts on many TravelPass products. The “likely usage” basis shown in the Ministry’s submission are in some cases most unlikely. (Table 4, page 36). The Ministry’s request for price increases is based on these figures.
- (c) While we will play the discounts game in order to refute the Ministry’s claim for price increases, we reject the basic proposition that it is possible to calculate a discount on a TravelPass ticket.
- (d) A TravelPass allows rail travel in private bus areas, but it does not allow travel on the private bus to connect with the train, and this is another inequity. Ten or more years ago, the Brown MetroPass ticket, available from St Marys, Mt Druitt and Rooty Hill railway stations, allowed private bus travel to those stations and rail travel within the old Brown TravelPass zone, but did not allow travel on State Transit buses. State Rail’s Annual report for 2001-02 says (Appendix 14) says “Both ZooLink and the Brown MetroPass were withdrawn from sale. In each instance, this was done at the request of other parties that had been partners with StateRail in these products.” We suspect that the withdrawal was due to the usual bickering between partners about their share of the pie.

A similar multi-modal journey is available today with the BusPlus tickets. However, these also are only available from selected stations and do not offer travel on State Transit buses in the inner suburban areas.

APT recommends an investigation into extending the areas covered by these tickets. The non-availability on State Transit buses at the other end of their journey to work might not be important to many people.

These matters are discussed in detail in Appendix “A”. The following is a summary of our findings for each type of TravelPass.

### **Red TravelPass**

Current price:	\$35
Ministry’s proposed new price:	\$39
Ministry’s proposed increase:	\$4 or 11.4%
APT comment on new price:	Too high
APT’s proposed new price:	\$38 (an increase of 8.8%)
APT comment on alleged discount:	Reasonable

### **Green TravelPass**

Current price:	\$43
Ministry’s proposed new price:	\$47
Ministry’s proposed increase:	\$4 or 9.3%
APT comment on new price:	Too high
APT’s proposed new price:	\$46 (an increase of 7.0%)
APT comment on alleged discount:	Reasonable



**Yellow TravelPass**

Current price:	\$47
Ministry's proposed new price:	\$51
Ministry's proposed increase:	\$4.00 or 8.5%
APT comment on new price:	Acceptable
APT's proposed new price:	Same as Ministry's.
APT comment on alleged discount:	A little too high

**Pink TravelPass**

Current price:	\$50
Ministry's proposed new price:	\$54
Ministry's proposed increase:	\$4 or 8.0%
APT comment on new price:	Acceptable
APT's proposed new price:	Same as Ministry's.
APT comment on alleged discount:	A little too high

**Purple TravelPass**

Current price:	\$57
Ministry's proposed new price:	\$63
Ministry's proposed increase:	\$6 or 10.5%
APT comment on new price:	Too high
APT's proposed new price:	\$61 (an increase of 7.0%)
APT comment on alleged discount:	A little too high

**Blue TravelPass**

Current price:	\$32
Ministry's proposed new price:	\$38
Ministry's proposed increase:	\$6 or 18.1%
APT comment on new price:	Way too high. Only \$1 less than the Red TravelPass.
APT's proposed new price:	\$34 (an increase of \$2 or 6.3%)
APT comment on alleged discount:	Grossly exaggerated

**Orange TravelPass**

Current price:	\$40
Ministry's proposed new price:	\$46
Ministry's proposed increase:	\$6 or 15.0%
APT comment on new price:	Too high
APT's proposed new price:	\$43 (an increase of 7.5%)
APT comment on alleged discount:	Exaggerated

**Pittwater TravelPass**

Current price:	\$55
Ministry's proposed new price:	\$61
Ministry's proposed increase:	\$6 or 10.9%
APT comment on new price:	Too high
APT's proposed new price:	\$59 (an increase of 7.3%)
APT comment on alleged discount:	Grossly exaggerated

**2Zone TravelPass**

Current price:	\$32
Ministry's proposed new price:	\$34
Ministry's proposed increase:	\$2 or 6.3%
APT comment on new price:	Acceptable
APT's proposed new price:	Same as Ministry's
APT comment on alleged discount:	Reasonable

**Q. TravelPass Prices and Costs Incurred**

The Ministry states (page 34) that "TravelPass products are also based on a very coarse zone based fare structure which does not adequately reflect the relationship between the costs incurred in providing services, and usage."

And neither it should!

And perhaps the zones are not as coarse as the Ministry makes out. The Red TravelPass zone ends one station short of Burwood on the inner west line and one station short of Campsie on the Bankstown line. These are both major transport hubs for people travelling into the city, and employment hubs for people in the inner suburbs travelling west.

**R. Longer Distance TravelPasses**

The Ministry has not specifically raised distance as an issue when discussing Equitable Discounting in section 6.2.4. The alleged inequities are caused by giving too much weight to expensive ferry fares. However, it is an issue with rail weeklies, and to a certain extent with TravelPasses, so it is worth a mention here. Rail weeklies from stations like Newtown or Bondi Junction to the City cost about eight times a single fare. The ratio falls as the distance increases until an "interurban" weekly costs only about four times a single ticket. One reason for this is political interference. Another reason is that someone from Newtown is quite likely to make more than ten trips a week, returning to the city at night or weekend, while someone from Katoomba is quite happy to get home and stay home.

**S. Longer Term TravelPasses**

On page 34 the Ministry makes the fatuous statement that "longer term TravelPasses are even more generously discounted", and on page 36 "would welcome IPART's consideration of whether these relativities remain appropriate". APT considers they do remain appropriate.

TravelPasses, unlike rail periodicals, come only in weekly, quarterly and yearly versions. The price of a quarterly TravelPass is 11 times the price of a weekly, and a yearly TravelPass is 40 times the price of a weekly.

Any monthly, quarterly or yearly travel ticket in any administration (or even a season ticket to the opera or gym) offers a higher discount than the weekly version because the commuter has to part with more of his or her money up front. (This is the origin of the word “commuter” – something that is cut short.) At the same time, the provider has the use of all that money for the whole period. In addition, the less frequently someone buys a ticket, the lower are the staffing, cash handling and production costs for the provider. To call these discounts “more generous” is a little precious.

For a yearly ticket, the additional discount for the longer term is 12 weeks from 52 weeks or 23 percent. In reality, considering the holder’s annual leave, public holidays, sick leave, rostered days, etc, the true discount would be less than that.

The customer pays the full amount up front. On the simplistic assumption that the provider spends half the customer’s money on Day 1, and the other half on Day 183, then the provider would earn interest on half of the money for a full six months. If the original purchase were made by cheque or eftpos there would be virtually no cash handling charges.

Ministry and Treasury accountants, like politicians riding the train in front of the television news cameras, seem to think that the public transport experience consists solely of the trip from point A to point B, and should be priced accordingly.

#### **T. TravelPass – Discounts Not Relevant**

As the Ministry admits (page 33) “the product offers a high degree of convenience and flexibility, with the ability to change modes and origins/destinations without penalty.” We might also add that possession of a ticket enables the holder to board one of the growing number of pre-pay only bus services.

You don’t calculate the price of a Swiss army knife by adding the individual costs of six knife blades, three screwdrivers, a gimlet, corkscrew, bottle-opener, nail file, etc. It is a total package, and is priced accordingly.

The price of a TravelPass is the price of a TravelPass, not the discounted sum of components.

The product paid for is not a journey from A to B but mobility within a defined area.

The Ministry seems to be concerned that too many people might be enjoying too much discounting – the “accountant” view. Somebody, somewhere, should be taking the holistic let’s-get-‘em-out-of-their-cars “marketing” view.

Action for Public Transport is concerned the Transport Ministry may have been diverted from Government policy aims in the conservation and climate change areas. Most Sydneysiders are not major users of public transport and they have locked themselves into work, school and recreation patterns that would require changes of vehicle if public transport was to be used. The Ministry's distance based fare policy seems to penalise such people by charging multiple flagfalls for what is one journey if made by car.

APT has long advocated zone fares regardless of what kind of ticket is used. Zones not only avoid

the problem of multiple flagfalls but also have appeal to the purchaser similar to unlimited talk phone plans. Buyers may not get around to using the ticket much due to time restraints but they know they have unlimited use of train bus and ferry and so have capped their expenditure for the period. This is the way to get people out of their cars.

#### **U. DayTripper Ticket**

The Ministry's submission does not mention a new price for the DayTripper ticket. Perhaps this is because normally any changes coincide with rail fare changes.

The ticket provides all day travel throughout the CityRail suburban network, all ordinary State Transit buses and all ferries (except the Manly JetCat).

The current price is \$16.40, a good deal for tourists, most of whom would include a ferry trip in their day's outing. A return trip to Manly costs \$12.80. However, as an all-day ticket for someone wanting to do a day's business or visiting around town, it is too expensive. The high cost of the ferry content distorts the price, as it distorts the price of some TravelPass tickets.

Also, while the DayTripper Ticket allows rail travel in the private bus areas, it does not allow travel on the private bus to connect with those trains.

#### **V. BusTripper Ticket**

The Ministry has requested an increase in the price of the BusTripper ticket from \$12.10 to \$12.70. APT has no objection to this. The ticket provides unlimited travel on ordinary State Transit buses for one day.

Compared to a basket of individual single bus fares, the price is reasonable. Under the proposed new fares, a day's outing of four 1-2 section trips would cost \$7.60 and two 3-5 section trips would cost \$6.40, a total of \$14.00.

BusTripper is a useful ticket, but suffers from two almost terminal afflictions – poor publicity and poor distribution.

- It is not sold by bus drivers.
- It is stocked by only a small number of agents.
- It is not listed on the 131500 web site either under "Buses" or under "Leisure and Tourist Tickets".
- It is obscurely hidden on the sydneybuses.info web site.
- It is not mentioned on any bus timetable leaflet.

#### **W. Off-Peak Discounts**

Unlike CityRail fares, no ticket available on State Transit bus services offers any off-peak discount, and we believe this to be the case with the private buses also.

We recommend that the Ministry investigates the demand, operation and financial viability of off-peak bus tickets.

## **X. Family Fare Deals**

When at least one fare paying adult travels with their children or grandchildren, the first child travels for a child fare and the other children travel free. This deal is available on State Transit, CityRail and Sydney Ferries services. We mention this mainly as a matter of record, although with fear that the ministry might cry “inequity” and scrap it because the deal is not available to private bus passengers.

The Ministry could investigate different family deals available in other administrations – for instance, a spouse and children travelling free with the holder of a periodical ticket on weekends.

## **Y. NightRide Tickets**

NightRide buses provide alternative travel along rail corridors between midnight and dawn when most trains are not running. Valid rail tickets (including TravelPasses, rail periodicals, Pensioner Excursion Tickets, DayTrippers and return rail tickets) are accepted on these buses, but not rail singles. The bus drivers sell the following single tickets:

Up to 3 sections	- \$3.70
4 to 6 sections	- \$5.70
7 or more sections	- \$7.50

We are not sure what constitutes “a section”.

## **Z. Rail and Ferry Ticket Prices**

IPART is also currently reviewing fares for CityRail and private ferry services. Any new fares for these and all bus services should all begin on the same date early in 2009. We note that the Ministry’s proposed new TravelPass prices include a portion for rail fare rises. (Table 4, page 36).

It is unfortunate that fares for Sydney Ferries Corporation services are not being reviewed now. This raises the spectre of further disintegration of the fares and ticketing system.

We note also that the Ministry’s proposed new TravelPass prices include a portion for ferry fare rises which may not happen.

### **AA. Pensioner Excursion Tickets (PETs)**

We recognise that IPART has no jurisdiction in setting the price of these tickets.

### **BB. Rural and Regional**

We have no comments on these matters at this stage.

### **CC. IPART’s December 2007 Determination**

We note the following comments from last year.

- reporting on full buses (page 22)
- review of bus service standards by ITSSR

APT enquires whether these items have been successfully concluded.

**DD. Next Year**

The Ministry submission says (page 33) that “IPART has indicated that a similar [to CityRail] analysis of external benefits is being undertaken for the bus network, but this will not be ready in time for this submission.” APT expects that somebody will have it ready before next year’s submission.

**EE. Conclusion**

Action for Public Transport thanks our members and friends for their contribution to this paper.

If IPART would like to discuss any of these matters raised, please contact the writer.

We have no objection to this submission being made available for general public viewing.

Yours faithfully

Allan Miles  
Secretary  
Action for Public Transport (NSW)

## APPENDIX “A”

### TravelPass Discounts and Prices

The following detailed comments and tables support our arguments concerning TravelPasses in the main body of the submission.

#### TravelPass - “Likely Usage” Assumptions

The detail in the following pages is necessary for two reasons. The first is to check the accuracy of the Ministry’s calculations, and the second is to show the difficulty or even the absurdity and futility of trying to calculate a discount.

The value of the word “modelling” is diminished by saying (page 34) that such a process was used to calculate the “likely usage”, on which the hypothetical discount and therefore the very tangible fare increases were calculated. “Conjecturing” would be a more appropriate term. With the wealth of statistical data available from CityRail, State Transit and Sydney Ferries, we would expect better than “likely usage assumptions”.

The Ministry concedes that some people buy TravelPass products as much for the convenience as for the price. (Section 6.2.4)

Consideration should also be given to the large number of people who work less than a five-day week. TravelTen and FerryTen tickets provide useful alternatives for such people who use buses and ferries, but there is no equivalent ticket for rail travel. If the costs of weekly TravelPasses become too high, part-time workers may be forced to buy single tickets,

Note that no TravelPass includes Manly JetCats or special event and premium bus services.

#### Red TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry’s “likely usage” assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT’s discount	MoT’s discount
10 x 10 km train trips	\$3.60 *	\$36.00				
10 x 1-2 sect bus trips	\$1.90	\$19.00				
No ferry trips						
Total value of trips		\$55.00	\$39.00	\$16.00	29%	23%

\* Rockdale to Central. Current fare \$3.40 plus projected 4.5% increase

The Red TravelPass zone extends to Mosman, Chatswood (12 km from Central), Gladesville, Croydon (9 km), Canterbury (10 km), Bardwell Park (10 km), Rockdale (10 km), the entire Eastern Suburbs and the Inner Harbour ferries. There is a huge range of distances and number of trips that a holder may make. The Ministry’s assumptions for likely usage are a reasonable average. No ferry trips are included because most ferry users in that area would buy a Blue TravelPass, not a Red one.

### Green TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
10 x 20 km train trips	\$4.00 *	\$40.00				
10 x 1-2 sect bus trips	\$1.90	\$19.00				
No ferry trips						
Total value of trips		\$59.00	\$47.00	\$12.00	20%	25%

\* Bankstown to Central. Current fare \$3.80 plus projected 4.5% increase

The Green TravelPass zone extends to Narrabeen, Chatswood (12 km from Central), Epping (23 km), Bankstown (19 km), Kingsgrove (13 km), Kogarah (11 km), the entire Eastern Suburbs and all the ferries. There is a huge range in the distance and number of trips that a holder may make. The Ministry's assumptions for likely usage are probably too high for train travel (they use the maximum distance) and too low for bus and ferry travel.

### Yellow TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
10 x 30 km train trips	\$4.80 *	\$48.00				
10 x 1-2 sect bus trips	\$1.90	\$19.00				
No ferry trips						
Total value of trips		\$67.00	\$51.00	\$16.00	24%	24%

\* Parramatta to North Sydney. Current fare \$4.60 plus projected 4.5% increase

The Yellow TravelPass zone extends to Narrabeen, Waitara (24 km from Central), Epping (23 km), Parramatta (23 km), Panania (22 km), Jannali (22 km), the entire Eastern Suburbs and all the ferries. There is a huge range in the distance and number of trips that a holder may make. The Ministry's assumptions for likely usage are probably too high for train travel (they use the maximum distance) but more realistic for bus and ferry travel.

### Pink TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
10 x 30 km train trips	\$4.80 *	\$48.00				
10 x 1-2 sect bus trips	\$1.90	\$19.00				
No ferry trips						
Total value of trips		\$67.00	\$54.00	\$13.00	19%	19%

\* Caringbah to Central. Current fare \$4.60 plus projected 4.5% increase



The Pink TravelPass zone extends to Narrabeen, Hornsby (25 km from Central), Carlingford (28 km), Seven Hills (32 km), Liverpool (32 km), Caringbah (31 km), the entire Eastern Suburbs and all the ferries. There is a huge range in the distance and number of trips that a holder may make. The Ministry's assumptions for likely usage are probably too high for train travel (they use the maximum distance) but more realistic for bus and ferry travel.

### Purple TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
10 x 50 km train trips	\$7.00 *	\$70.00				
10 x 1-2 sect bus trips	\$1.90	\$19.00				
No ferry trips						
Total value of trips		\$89.00	\$63.00	\$26.00	29%	28%

\* Werrington to Central. Current fare \$6.60 plus projected 4.5% increase

The Purple TravelPass zone extends to Palm Beach, Cowan (49 km from Central), Richmond (60 km), Emu Plains (57 km), Macarthur (53 km), Cronulla (34 km), the entire Eastern Suburbs and all the ferries. There is a huge range in the distance and number of trips that a holder may make. The Ministry's assumptions for likely usage are probably too high for train travel but more realistic for bus and ferry travel.

### Blue TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
10 x 1-2 sect bus trips	\$1.90	\$19.00				
10 x I/H Z1 ferry trips	\$5.40 *	\$54.00				
Total value of trips		\$73.00	\$38.00	\$35.00	48%	48%

\* Current fare of \$5.20 plus projected rise of 4.5%

The Blue TravelPass zone extends to Mosman, Chatswood, Gladesville, Croydon, Canterbury, Earlwood, Rockdale, the entire Eastern Suburbs and the Inner Harbour ferries. There is a wide range of distances and number of trips that a holder may make. The Ministry's assumptions for likely bus usage are probably on the low side. However, the total value of trips is grossly inflated by assuming that most users would make expensive ferry trips. Ferries would be used mainly by people in the harbourside suburbs. The vast majority of holders around Military Road, Victoria Road, Parramatta Road, New Canterbury Road, Botany Road, Anzac Parade and Oxford Street would rarely use a ferry.

A more realistic calculation of the alleged discount for the Blue TravelPass would be as follows:

APT's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
10 x 1-2 sect bus trips	\$1.90	\$19.00				
6 x 3-5 sect bus trips	\$3.20	\$19.20				
2 x I/H Z1 ferry trips	\$5.40 *	\$10.80				
Total value of trips		\$49.00	\$38.00	\$11.00	22%	48%

\* Current fare of \$5.20 plus projected rise of 4.5%

### Orange TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
10 x 3-5 sect bus trips	\$3.20	\$32.00				
10 x I/H Z1 ferry trips	\$5.40 *	\$54.00				
Total value of trips		\$86.00	\$46.00	\$40.00	47%	47%

\* Current fare of \$5.20 plus projected rise of 4.5%

The Orange TravelPass zone extends to Narrabeen, Chatswood, Carlingford, Parramatta, Gladesville, Bankstown, Miranda, the entire Eastern Suburbs and all ferries. There is a huge range of distances and number of trips that a holder may make. The Ministry's assumptions for likely bus usage are probably on the low side. However, the total value of trips is grossly inflated by assuming that most users would make expensive ferry trips. The vast majority of ticket holders would rarely go near a ferry. People living in harbourside suburbs would buy a Blue TravelTen, not an Orange one.

A more realistic calculation of the alleged discount on the Orange TravelPass would be as follows:

APT's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
10 x 1-2 sect bus trips	\$1.90	\$19.00				
10 x 3-5 sect bus trips	\$3.20	\$32.00				
4 x 6-9 sect bus trips	\$4.20	\$16.80				
No ferry trips						
Total value of trips		\$67.80	\$46.00	\$21.80	32%	47%

### Pittwater TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
10 x 16+ sect bus trips	\$6.10	\$61.00				
10 x Manly ferry trips	\$6.70*	\$67.00				
Total value of trips		\$128.00	\$61.00	\$67.00	52%	52%

\* Current fare of \$6.40 plus projected rise of 4.5%

The Pittwater TravelPass zone extends to Palm Beach (40 km), Chatswood, Carlingford, Epping, Parramatta, Bankstown, Miranda, the entire Eastern Suburbs and all ferries. Holders can make a large variety of trips in terms of distance and destination. The Ministry's assumptions for likely bus usage are probably on the low side. However, the total value of trips is grossly inflated by assuming that most users would make expensive trips on the Manly Ferry. Most ticket holders commuting from the Pittwater area to the CBD or North Sydney would use an express bus, bypassing the Manly Ferry interchange.

A more realistic calculation of the alleged discount for the Pittwater TravelPass would be as follows:

APT's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
10 x 1-2 sect bus trips	\$1.90	\$19.00				
10 x 16+ sect bus trips	\$6.10	\$61.00				
No ferry trips						
Total value of trips		\$80.00	\$61.00	\$19.00	24%	52%

### 2Zone TravelPass

Our calculation of the alleged discount is as follows (using the proposed new fares):

Ministry's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
10 x 6-9 sect bus trips	\$4.20	\$42.00				
Not valid for ferries						
Total value of trips		\$42.00	\$34.00	\$8.00	19%	19%

\* Current fare of \$6.40 plus projected rise of 4.5%

The 2Zone TravelPass allows bus travel between any two adjacent zones in the STA area excluding the CBD. Holders can make a large variety of trips in terms of distance and destination. The Ministry's assumptions for likely bus usage are probably on the low side.

A more realistic calculation of the alleged discount for the 2Zone TravelPass would be as follows:

APT's "likely usage" assumptions	Proposed new fare	Multiplied by usage	Proposed new price	Saving	APT's discount	MoT's discount
Not valid for trains						
6 x 1-2 sect bus trips	\$1.90	\$11.40				
6 x 6-9 sect bus trips	\$4.20	\$25.20				
Not valid for ferries						
Total value of trips		\$36.60	\$34.00	\$2.60	7%	19%

### TravelPass - Proposed New Prices

APT's comments on the proposed price increases are given in the following table:

Type	Current price	Proposed increase	MoT's proposed price	Percent rise	Comments	APT's new price	Percent rise
Red	\$35	\$4	\$39	11.4%	Increase is too much. Percentage increase should be restricted to about 6 - 8%.	\$38	8.8%
Green	\$43	\$4	\$47	9.3%	As for Red TravelPass	\$46	7.0%
Yellow	\$47	\$4	\$51	8.5%	Accepted	\$51	8.5%
Pink	\$50	\$4	\$54	8.0%	Accepted	\$54	8.0%
Purple	\$57	\$6	\$63	10.5%	As for Red TravelPass	\$61	7.0%
Blue	\$32	\$6	\$38 (1)	18.1%	As for Red TravelPass	\$34	6.3%
Orange	\$40	\$6	\$46	15.0%	As for Red TravelPass	\$43	7.5%
Pittwater	\$55	\$6	\$61	10.9%	As for Red TravelPass	\$59	7.3%
2Zone	\$32	\$2	\$34	6.3%	Accepted	\$34	6.3%

(1) This price is only one dollar less than the proposed price for the Red TravelPass. That means a week's travel on the whole rail network between Chatswood, Croydon, Canterbury, Bardwell Park, Rockdale and Bondi Junction is available for only one more dollar. A recognisable price difference should be maintained between the Blue and Red TravelPasses.

In summary, the so-called discounts, using APT's "likely usage" and suggested prices, would be:

Type	Unit Price of Likely Usage	APT's Ticket Price	APT's \$ "Discount"	APT's % "Discount"
Red	\$55	\$38	\$17	31%
Green	\$59	\$46	\$13	22%
Yellow	\$67	\$51	\$16	24%
Pink	\$67	\$54	\$13	19%
Purple	\$89	\$61	\$28	31%
Blue	\$49	\$34	\$15	31%
Orange	\$68	\$43	\$25	37%
Pittwater	\$80	\$59	\$21	26%
2Zone	\$37	\$34	\$3	8%

Most of the Ministry's "theoretically extremely high", "heavy" and "even more generous" TravelPass discounts have now disappeared, not by increasing the product prices, but by recalculating the likely usages. The discount for the Blue TravelPass remains apparently high because the unit trip prices are distorted by the necessary inclusion of some expensive ferry fares.

This demonstrates the futility of trying to calculate discounts for a multi-mode, multi-ride ticket based on single distance fares.

## APPENDIX “B”

### ROUNDING BUS FARES TO THE NEAREST DOLLAR (OR FIFTY CENTS)

The following is a transcript of the relevant section from IPART’s December 2007 Determination.

#### 4.2 Potential to improve service quality through fare rounding

Historically, single fares have been rounded to the nearest 10 cents. A number of submissions suggested that fares should be rounded to the nearest dollar, in order to reduce cash handling and speed-up boarding times. In fact, this was the primary concern raised in submissions to the review.

IPART understands the benefits of rounding fares, but has decided not to round cash fares to the nearest dollar or fifty cents for the following reasons:

- Not all passengers have access to cheaper pre-paid tickets, such as TravelTens and TravelPasses (though some private operators offer other discount fares that are not regulated by IPART). Rounded fares may disadvantage those passengers who do not have access to pre-paid tickets.
- IPART is concerned that rounding master fares in this way will result in long periods of constant fares, followed by a sharp increase in fares, and this would particularly be detrimental to customers who do not have access to discounts tickets and therefore must pay the full fare to travel.
- Concession tickets, which are set by the Government (not by IPART) at 50 per cent of the full adult fare, would still be in increments of fifty or twenty-five cents, limiting the benefits of fare rounding.

Overall, IPART considers that rounding fares to the nearest dollar does not allow it to meet its legislative obligations to consider the cost of providing the services and the social impact of its decisions. However, while IPART does not support the rounding of single trip fares to the nearest dollar, it does accept that service quality could be improved by reducing the level of cash handling on bus services and encouraging greater pre-payment.

IPART notes that the Ministry of Transport intends to expand the use of cashless bus services on busy routes. This should reduce boarding times and therefore journey times for many commuters. For a number of years now IPART has suggested that passengers on private metropolitan buses should have access to the same pre-paid multi-trip tickets as passengers of Sydney Buses. In its fare proposal, the Ministry of Transport noted that the Government’s integrated ticketing project (T-card) will enable these passengers to have access to discount and pre-paid tickets. However, in light of recent reports of further delays in the introduction of the T-card, IPART considers that the Ministry of Transport should again consider introducing interim measures to ensure that private bus passengers have access to these tickets.