

# Action for Public Transport (NSW)

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8th November 2009

Mr. James Cox  
Chief Executive Officer  
Independent Pricing and Regulatory Tribunal of NSW  
PO Box Q290  
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Dear Mr. Cox,

## **Review of Metropolitan and Outer Metropolitan Bus Fares from January 2010**

*“If you ask the wrong questions, you will get the wrong answers.”*

### **Introduction**

This submission is in response to the draft report issued by the Independent Pricing and Regulatory Tribunal of NSW (IPART) on 13th October 2009.

The draft report recommends an increase in single trip tickets of approximately 3.5% per year for four years from January 2010 to January 2014. The 3.5% would comprise a base rise of 1.5% per year and a component for inflation, expected to be about 2.0% per year. Multi-ride tickets and Newcastle time-based tickets would increase in proportion.

The most popular single tickets, those up to 9 sections, would increase by 10 cents in January 2010, the corresponding TravelTens by 80 cents, and the shorter distance bus/ferry TravelPasses by \$1.00.

The draft report also includes discussion on matters considered in making the decision, such as quality of services, external benefits, alternative fare structures, electronic ticketing, efficient costs, and the fare harmonisation policy.

However, the most significant (and adverse) recommendation in IPART's draft report is artfully buried deep in its 230 pages. Far from heading towards a pricing system which is integrated, allowing people to change between buses, trains and ferries without charging them additional “flag fall” components, the Tribunal is preparing a path to abolish integrated pricing altogether (such as the zone-based TravelPass). In a non-integrated pricing framework such as that proposed by the Tribunal, the cost to the passenger of interchanging between services, sometimes doubling the price for a given distance, is of far greater significance than the approximately double-CPI individual trip price increases. See draft report section 12.5.2

### **Summary of This Submission**

- (a) Action for Public Transport has no objection to the modest annual increases proposed over the next four years. In our opinion, they are fair and reasonable.

- (b) Questions of poor service or unaffordability should be resolved by government funding, and by alternative transport and concession policies, not by meddling with fares.
- (c) We dispute IPART's methods of calculating many inputs to the review – external benefits, efficient costs, service standards, etc.
- (d) We object to certain “bus related” costs being factored into expenditure to be recovered when they are actually of little benefit at all to bus passengers.
- (e) While these false premises have produced minimal changes to fares this year, they could produce large increases at another time, and they need to be challenged now.
- (f) We despair of IPART's misguided obstinacy in maintaining the historical distance-based fare structure.
- (g) We challenge IPART's back-to-front methodology in tailoring the current fare structure to suit a mythical future electronic ticketing system, instead of the other way around.
- (h) We agree with IPART's recommendations for improving the reporting of operations data.
- (i) We recommend that regular travellers start stocking up now on TravelTens at the current prices for use next year. Commuters who use TravelPasses should order a yearly one now, before any price rise is announced, and so take most of next year's trips at this year's fares. It's quite legal.
- (j) The following sections in our submission comment in more detail on the various chapters in IPART's draft report. For ease of reference our section numbers correspond with IPART's chapter numbers. Some chapters in IPART's report deal only with bus services in the four largest regions (6, 7, 8 and 9) contracted to the State Transit Authority, and these are marked with an asterisk.

## **1. IPART's introduction and executive summary**

In the draft report, IPART makes frequent reference to the need for bus fares to reflect the bus company's costs of providing the service. APT has a problem with that philosophy. We call it the “accountant's approach”. Bus travel is not a “good”, like a restaurant meal or a new handbag, where the price paid should naturally be tied to the cost of manufacture. Bus travel is, more often than not, an activity which the passenger would rather **not** undertake, if more attractive alternatives were available. Linking the price to the cost of provision is thus irrational or illogical. Bus travel should be priced to maximise the efficiency of the transport network, not to reflect the cost to the operator or government in providing it.

Thus, IPART's approach to fare setting is not in the public interest. We accept that this approach is not going to change overnight, and the remainder of this submission follows the conventional lines of thought.

IPART's draft report explores in microscopic detail the reasons why bus fares should be increased. Yet there is no consideration or investigation of other factors which might justify reductions in fares. IPART might like to consider:

- the increasing number of late running and service cancellations resulting from traffic congestion, staff shortages, or other causes
- the impact of Sydney Buses' rapidly expanding "PrePay" ticket policy on occasional bus users, which requires them to find a retail outlet which sells bus tickets, and to then select

and purchase a ticket from the wide range available, from a shop assistant who has little knowledge of the bus network. (Sydney Morning Herald Letters 03/11/09.)

- the irritation and inconvenience of having to travel in a bus where advertising film on the windows prevents a clear view to the outside. In some cases the film extends to the whole of the windows on one side of the bus.

## 2. New fares

Action for Public Transport has no objection to the modest annual increases proposed over the next four years. In our opinion, they are fair and reasonable. The average 15% increase over the period is in contrast to rail fares where a four-year increase of 25% was imposed for 2009-2012. Also by comparison, TransLink fares in Brisbane will increase by 15 % in January 2010, and by a further 15% in each of the following three years.

We note that the increases for the second, third and fourth years are not set in stone, and that annual reviews will recommend adjustments up or down if necessary.

A similar four-year program (2009-12) for rail fare increases was approved in December 2008. The first annual mini-review of this determination is due now to ensure that the proposed increase for 2010 is still appropriate.

We note and support IPART's method of calculating ticket prices, (note – "ticket prices" and not "fares") where a nominal fare scale of unrounded figures is maintained and percentage increases applied to it. These raw figures are then rounded up or down to the nearest ten cents to give the actual ticket price, causing uneven bumps in the four-year scale, and sometimes no increase.

The BusTripper ticket will rise from the odd price of \$12.70 to the truly absurd price of \$13.10. If TravelPass prices are "rounded to the nearest dollar in accordance with IPART's legal determination and NSWTTI's rounding conventions" (footnote to Table 2.5) then BusTripper tickets can be similarly rounded. Considering that State Transit does its best to hide this ticket from the public, and sales are low, we wonder that if the ten cents appendage were lopped from the price it would really make any difference. In the current Ryde and Pittwater bus timetable booklets, both 28 pages, State Transit can find no room to mention the BusTripper ticket.

**APT recommends** that the BusTripper fare be set at a sensible \$13.00, and that State Transit promote it more earnestly.

## 3. Approach used to set fares

### General Philosophy

In our submission to the Rail Fare Review dated 19th October 2008, APT said:

*APT is critical of IPART's "bottom-up" approach, which asks "How much do we have to charge passengers in order to raise the revenue that CityRail needs?" APT would have preferred a big-picture approach along the lines of "How should we price train travel in order to ensure that Sydney's transport system functions at optimal efficiency?"*

That comment applies equally to this bus fare review.

However, going with the flow for the present, APT accepts the general logic outlined in Section 3.3. Calculate the costs and subtract the value of external benefits to be subsidised. The

difference is the fare revenue required. Then calculate the fare structure required to deliver this revenue. But we still dispute how the various components of these steps are evaluated.

### **Revenue Protection**

A review such as this, which attempts to set fares based partly on the revenue required, should consider in its deliberations likely lost revenue, from whatever cause.

APT can find no mention of revenue protection in any of the reports by IPART or by its consultants. Revenue protection includes responding to:

- (a) fare evasion, either the non-payment or under-payment of fares;
- (b) revenue leakage caused by malfunctioning ticket issuing machines or ticket validating machines.

In the case of fare evasion, does IPART have information on the actual amount of fare evasion (or "attempted fare evasion") by people who are caught in the act, and an extrapolation of that figure across all services to give an estimate of losses through successful fare evasion?

In the case of malfunctioning machines, does IPART have data on the amount of revenue lost from people unable to buy single tickets or unable to validate TravelTens? The inability to validate a TravelPass would generally not cause any revenue loss.

Is there any data on revenue loss as a percentage of total revenue, or data on trends, or comparisons with benchmarks or with other administrations?

Should revenue loss, or preventative measures be considered as costs? If so, are they efficient or inefficient costs?

These matters should also be considered under Quality of Service? Passengers get annoyed when they see people not paying. Also, and strangely, they get annoyed when they cannot buy or validate a ticket even though they get a free ride. The malfunctioning machine gives as bad an impression as a late bus or a dirty window.

**APT recommends** that IPART seeks information about revenue lost, and factors the data into its fares deliberations.

### **Quality of Bus Services**

Sections 3.5.1, 3.5.2 and 3.5.3 berate the bus operators and New South Wales Transport and Infrastructure (NSWTI) for failing to collect and report useful data and performance indicators, despite years of requesting such information.

Page 30 of the draft review lists six "NSWTI should" recommendations. It is clear that IPART is losing patience with the operators and regulators. APT supports these recommendations.

APT would also like to see some teeth in the enactment of these changes. How will NSWTI "enforce contract terms when reporting requirements are not met"? (Rec. 4) How will NSWTI hold operators "accountable for their performance"? (Rec. 5)

**APT recommends** that IPART pursue these matters with NSWTI and report publicly on the results.

## Which Comes First – Tickets or Fares?

IPART continues to exhibit symptoms of a bad case of *currus pro equus* (cart before the horse) in its desire to make the fare system compatible with a still mythical e-ticketing system. Our view is that fare scales, and the periodic adjustments to them, should aim to progressively improve the efficiency of the whole transport network, and not be beholden to the imaginary requirements of some embryonic “smartcard” ticket. The Public Transport Ticketing Corporation (PTTC) is responsible for the development of the new ticket. Its web site has not been updated since 10th June 2009. The ship is obviously nowhere near port but is becalmed far beyond the horizon.

A cure for IPART’s malady is a trip to another state capital where zone-based fare systems have been around for ages – in most cases introduced without the benefit of e-ticketing. Cash fares will always be required for the very large percentage of riders who are itinerant, incompetent, insolvent or recalcitrant.

APT recommends that IPART and the Government give reform of the fare structure priority over the ticketing technology.

### 4. Efficient cost of providing bus services \*

In his foreword to the draft report, the CEO refers to the costs incurred by the Road and Traffic Authority (RTA) in providing bus services (page iv). He says “only those costs ..... that are associated with providing bus services will be recovered through fares”. This theme is taken up again on page 33, page 44, page 46, pages 53-55, and page 61.

We would like to point out that just because some RTA costs may be “associated” with bus services, bus passengers do not necessarily benefit. In fact, some RTA-provided bus infrastructure actively discriminates **against** bus passengers.

Bus bays are one example. They are frequently mentioned in the body of IPART’s report. We know of no case where a bus bay actually benefits bus passengers. Bus bays are a device to enable stopping buses to be taken out of the traffic stream, in an attempt to maintain the flow of general traffic in the kerb-side lane. As such, they are specifically designed to benefit precisely those road users who are NOT bus users. Given the practical difficulties for the bus driver to re-enter the fast-flowing traffic stream, it is usually the case that the quality of service for bus passengers is actually **reduced** by the provision of bus bays.

It cannot be rationally argued that any part of the cost of bus bays should be recovered through bus fares. Rather, bus fares should be reduced, to compensate bus passengers for their increased journey times caused by bus bays.

Similar arguments can be applied to “bus priority” measures. In many instances, “bus priority” is a euphemism for “bus segregation”. There are many places on Sydney’s two bus transitways, and at intersections with bus-only lanes and “B” signals, where the bus priority infrastructure is used simply to separate buses from general traffic. Often, it is the general traffic which enjoys priority access to the intersection, while the bus waits. Again, it must not be assumed that bus passengers benefit from such infrastructure and they may indeed be penalised by it.

## **“Inner West Busway”**

IPART's attempt to link the cost of this so-called “busway” to passenger fares is even more irrational than its theories on other RTA-funded bus infrastructure.

To fully appreciate the fallacy of the “busway”, it must be placed in historical context. Victoria Road is a radial arterial road linking Sydney's north-western suburbs to the CBD. It is a major bus corridor, carrying around 8,000 passengers in up to 170 buses toward the CBD through Drummoyne in the morning peak.

About thirty years ago, morning peak traffic congestion was already seriously delaying inbound buses. An inbound morning-peak “Transit” lane was inaugurated for high-capacity vehicles, including buses, in an attempt to increase the capacity of the road itself by speeding up those vehicles carrying the most people. The transit lane has never worked as intended due to blatant abuse by the drivers of non-complying vehicles.

In November 2006 the Premier announced what would become, in December 2007, the RTA's “Victoria Road Upgrade”. The upgrade would include a second bridge across Iron Cove, bus lanes, and “tidal” traffic arrangements to increase the number of peak-direction general traffic lanes by 50%, from two to three. The RTA repeatedly referred to the upgrade as a “proposal”. Never, in the years following, or in its consultation with the community, did the RTA reveal that it had already, in November 2007, signed an “alliance” contract for building the second Iron Cove Bridge.

On 17 April 2009 the Minister for Transport mysteriously renamed the very same project the “Inner West Busway”. It will be the only “busway” in the world which has increased the road capacity for general traffic by fifty percent, and which will allow ordinary motorists unfettered access, subject only to the possibility of fines which, so far as the present transit lane is concerned, have not proved to be a deterrent.

Bus passengers can expect to benefit from this \$175 million project, but only by default. Full-time transit lane enforcement could have been bought for a tenth of that figure. Some people have suggested that the real reason for this capital work has been to enhance the financial viability of a proposed M4-East underground motorway, details of which are known only to the proponents of this “busway” – present and former Ministers for Roads, other government officials, and of course, the Roads and Traffic Authority!

**APT recommends** that the draft report's analysis (p 53), and any conclusions from it, including the attribution of project costs to bus fares, should be completely re-written.

### **5. Efficient operating expenditure \***

This is an interesting and detailed examination of the variations in costs resulting from different operating conditions and different service requirements. In the end, however, like so many of these micro-analyses, it comes unstuck because of “technological, managerial and government policy constraints” (page 44).

Section 5.3 mentions RTA expenditure on the Public Transport Information and Priority System (PTIPS) “which is intended to improve bus reliability by giving late running buses traffic signal priority”.

**APT recommends** that no expenditure on PTIPS be charged to public transport users until what it is intended to achieve can be proved to have actually occurred.

## **6. Value of assets used in providing bus services \***

We note that land occupied by bus depots will continue to be valued using the current zoning of “special purpose bus depot” (page 48), rather than the value if rezoned residential or commercial. The prospect of rezoning some State Transit depots in prime locations must be salivating to certain developers, politicians and their go-betweens. It would be disastrous, however, to State Transit and ultimately to the passengers who would have to bear the cost of shuttling empty buses to and from depots on the other side of Sydney.

The complementary report by Indec Consulting Pty Ltd mentions the efficiency of the capital expenditure program (page 11). It says “Indec concludes ... that the operator (STA) does not maintain passenger loading statistics by time of day and was therefore unable to establish capital efficiency.” We find this statement rather odd because we understand that State Transit collects loading data from all sections of all routes at all times of the day.

**APT recommends** that IPART confirm whether this data is or is not available.

## **7. Allowance for a return on assets \***

We confess that much of this discussion goes over our heads, but a rate of return of seven percent (presumably net return after expenses and tax) is quite generous. This is a better return than money in the bank or an investment in rental properties.

## **8. Allowance for depreciation and a return on working capital \***

Apart from questioning the inclusion of depreciation on RTA assets (see Section 4 above) we have no comments on this chapter.

## **9. Forecast patronage growth \***

While we do not question the methods used by IPART and others to estimate patronage growth, we are surprised that the figure is as low as 0.8 per cent per annum. We recognise that many of the following factors can affect patronage:

- quality of services provided (speed, frequency, comfort, price, new bus network, etc)
- availability of alternative transport (e.g. new Epping to Chatswood rail link)
- urbanization or suburban sprawl
- economic downturn (loss of employment)
- economic downturn (selling the second car)

In sections 14.2.2 and 14.3 IPART mentions factors other than price, mainly demographic, that influence bus usage, saying that these may even outweigh the effect of the level of fares. APT agrees with this view.

## **10. External benefits of bus services \***

IPART twice explains its reasons for not including a figure for “social benefits” in its total for external benefits, for which passengers would be subsidised by the government (or by somebody else). These are in Section 10.1 (page 74) and Section 10.3.1 (page 82).

Who else would subsidise a bus service besides the government? Maybe a shopping complex, an out-of-the-way “industrial park” or an entertainment venue.

A notable absence from the list of groups entitled to concession fares is the overseas students. We realize that IPART's role is only to set the concession fares, not to decide who gets them. However, we place on record here APT's support for the campaign by overseas students to gain access to concession fares.

In IPART's view "improving access for less mobile or low-income passengers is best achieved through ensuring that investment in bus services meets the needs of these passengers and that a well-targeted concession program is in place." In other words, lower fares are not the answer for these people. This may be true, but in its current straitened circumstances, the government is in no position to afford either the investment or the concessions necessary to achieve this improved access.

**APT recommends** that IPART thrusts its "view" on investment and concessions in front of the Government for prompt and effective action.

## **11. How much of the efficient costs should be funded by passengers through fares**

As mentioned above, we think that is the wrong question. We should ask "How should we price bus travel in order to ensure that Sydney's transport system functions at optimal efficiency?"

Box 11.1 on page 88 says that part of calculating the "required fare increase" is estimating the number of each existing type of ticket that will be sold in the ensuing years. This seems to exclude the possibility that existing tickets might be withdrawn or new tickets issued.

IPART has not explained how the revenue from the sale of a multi-mode ticket is shared between bus, train and ferry operators to enable these calculations to be made. In Section 12, IPART explains how it calculates the price of a TravelPass based on assumptions of passenger travel, but this is not the same as how the authorities divvy up the income. If all revenue went to a central transport authority which contracted out bus, rail and ferry services, then such calculations would not be necessary.

Fare-paying passengers should not have to cover the losses from fare evaders.

## **12. Fare structure**

(Under this and following section headings, the wording of the sub-section headings is direct quotes from IPART's draft review document.)

The discussion about fare structures (distance, time, zones, flat, etc) has been going on for decades. In 1996 IPART prepared a long paper on alternative fare structures. The late Rob Caldwell wrote a proposal on zoned and integrated fares for the Sydney Area Transportation Study (SATS) in 1974. It is therefore pointless to revive the debate again here. We mention, however, that today, Sydney is the only Australian capital where a traveller can buy a suburban single train ticket. Next January, when TransLink in Queensland abandons 3-, 6- and 12-monthly train tickets, Sydney will be the only Australian capital where a traveller can buy any type of train ticket at all. Are the others all wrong?

### **12. 2 "The existing fare structure is simpler and more equitable than the alternatives and should be workable under e-ticketing."**

#### **12.2.1 "Current fare structure"**



This section mentions weekly tickets issued by private bus operators. Passengers using private buses had long complained about having no multi-trip tickets such as those used by STA bus passengers. The government promised that all would be rectified when the new smartcard arrived. In December 2007, when the embryonic Tcard was obviously in terminal decline, IPART urged the Ministry of Transport to get busy and provide a multi-trip discounted ticket for private bus passengers. What was not possible before suddenly became possible, and the first weekly tickets were available in October 2008.

However, these tickets were proposed as an interim measure until a new e-ticketing system began. In view of the stagnation of the second attempt, something more than an interim solution is required.

**APT recommends** that investigations begin immediately to extend more multi-trip ticket facilities to users of private bus services, rather than waiting for Tcard Version 2.

### **12.2.2 “The pros and cons of alternative fare structures”**

The draft review makes frequent reference to the “optimal” use of bus services, starting in the Foreword (p iv). “Optimal” is not defined. We expect that an accountant and a transport planner would have significantly different definitions for the word. It would help discussion if IPART were to clarify just what IPART considers to be the “optimal” use of bus services.

The paragraphs on page 95 about the problems of charging fares for all modes at the same level (bus train, ferry, etc) show in grim reality IPART and the Government’s blinkered view of public transport in separate boxes. No other state does this. Perhaps IPART is constrained by its legal requirements regarding “assessment criteria”.

On page 96, IPART says “... the establishment of zone boundaries is likely to be contentious and can have unintended consequences, including distorting travel behaviour and affecting property values.” Contentious? You bet! Distorting travel behaviour? The commuter car park just north of Narrabeen Lakes is little-used because motorists drive across the Lakes to board a bus in the adjacent cheaper TravelPass Zone. Affecting property values? Is that IPART’s concern? The quality of available public transport always affects property values. It just needs some thought when drawing the zone boundaries.

Further on page 96, IPART notes that “in the past, zone and time-based fare structures were introduced in many cities (including Sydney) as a means of allowing people to purchase a single fare for use on different modes of transport. This was because it was too complicated to have different fares for different modes of travel with paper based ticketing.” That is wishful revisionist thinking by IPART. The tickets were introduced because they were good deals for the passenger and good business for the providers.

### **12.3 “Current relativities between fixed and variable charges and the price of single and multi-trip tickets are appropriate”**

#### **12.3.2 “Price of single trip tickets vs. the price of TravelTens and T-wayTens”**

We are pleased to note that no attempt is being made this year to reduce the established discount of 20% for ten-trip tickets.

### **12.4 “Existing fares with alternative structures should be retained without significant changes until the e-ticketing regime is established.”**

The paragraph continues "... because we anticipate that they can be replaced with fares offering similar advantages under a distance-based electronic ticketing system..." That approach may be satisfactory for people with e-tickets, but IPART seems to have ignored the plight of those who will have none.

#### **12.4.1 "Three-mode TravelPasses"**

In this discussion, IPART several times mentions discounts appropriate for the number and frequency of trips taken. No mention is made of discounts appropriate for prepayment. For a yearly TravelPass, a customer can outlay between \$1,300 and \$2,400 twelve months in advance. This costs the customer interest, either debit or credit. The provider also has the benefit of cash for up to twelve months in advance, and saves on costs of cash handling, staffing, and printing, etc. Discounts should recognise the prepay factor as well as the frequency factor. The prepay discount is mentioned briefly in section 12.5.3.

TransLink in Brisbane has a discount for people using a go-card (prepaid) as against cash fares, and a discount for frequency of use (in a seven-day period).

APT has never been able to find any research on a quantifiable benefit of prepay tickets to the provider. Perhaps IPART could be a world leader in this matter. Experts have been engaged to report on just about every other aspect of costing.

APT recommends that IPART commission research to establish the cost savings to an operator flowing from prepayments by passengers.

#### **12.4.2 "One- and two-mode TravelPasses"**

One-mode TravelPasses are for buses only (2-Zone) and two-mode TravelPasses are for buses and ferries (Blue, Orange and Pittwater). IPART's reasoning is somewhat convoluted, but the outcome, maintaining a relativity only with bus fares, is acceptable. In any case, ferry fares did not increase for 2009 and are unlikely to increase for 2010.

#### **12.4.3 "Newcastle time-based tickets"**

We are not experts on the conditions in Newcastle which favour time-based rather than distance based-fares. However, if the local commuters are happy with the arrangement, we will support them.

### **12.5 "Key issues the Government needs to resolve in the lead-up to e-ticketing."**

#### **12.5.1 "Measuring distance travelled"**

#### **12.5.2 "Catering for changes between bus, train or ferry services during one journey"**

#### **12.5.3 "Discounting structure under electronic ticketing"**

These paragraphs discuss such minutiae as how to calculate the distance (straight line or by route), the total fares (when more than one mode is used), flagfalls for different modes, division of the "lost revenue" between the operators, the maximum time allowed for transfers, and whether discounts should be for prepayment, for frequency of use, or both.

All of this will require very precise, very reliable and very robust electronic gadgetry, especially if passengers are required to tag-off as well as tag-on. If we had zone fares and a central transport authority like – well – like everywhere else, most of this pettifoggery would not be needed.

In an integrated transport pricing system, such as those in Brisbane, Perth, Melbourne, Zurich, Hamburg, London, Paris, Copenhagen, etc, free interchange between services is achieved by using a time and zone pricing regime – like the Sydney TravelPass that IPART is proposing to abolish. Rather than abolish time and zone pricing, it could be applied over the whole Sydney metropolitan area, as recommended last year by the private bus representative organisation, the Bus and Coach Association.

The Tribunal in its report (page 103) suggests that “flag fall rebates”, which may be applied at some point in the future, provide an equitable alternative to time and zone fares. The complicated details of how this might work are, however, overlooked. The fact that zones are used instead of “flag fall rebates” in the world’s leading accessible cities might be taken as a hint by anyone who isn’t in the NSW transport bureaucracy. It would appear the Tribunal is defaulting to the Government, to enable it to forge ahead with its proposed e-ticketing system on an archaic and inequitable pricing framework.

Many examples are quoted in the draft report to bolster IPART’s view on fare structure, but we suspect that they may be biased towards a pre-determined conclusion. On page 95, IPART says zone-based fares are less equitable than section-based fares because fares for the same distance could be different depending on starting and finishing points. But section-based fares have the same defect. From the author’s home to UTS, Broadway, a frequent trip, is 14 stops but because it lies in three different sections, the fare is \$3.20. By starting and finishing the trip at the next stops east, it is still 14 stops but only two sections, or \$1.90. In the other direction, the author can go home to Stanmore for \$3.20 or stay on the bus to Marrickville for the same price.

Also on page 95, IPART quotes some rather limp arguments for not setting train, bus and ferry fares at the same level. Most other large cities manage it quite well.

**APT recommends** that IPART can solve most of its flagfall, transfer and timing quandaries by supporting a zone-fare system.

### **13. Implications for the NSW Government**

The Government subsidises full-fare passengers in recognition of the external benefits produced by bus travel. In addition, the Government’s social policies require subsidies to provide free or reduced fares to some targeted groups.

#### **13.1 “Overview of the draft determination’s expected impact on cost recovery”**

No comment

#### **13.2 “Expected contract payments”**

Without pretending to understand all this, we agree with the basic reasoning.

##### **13.2.1 “Service kilometres”**

IPART says, “We also understand that there are no plans for significant changes to service kilometres in the future.” Is this a result of NSWTTI’s “zero cost change” requirement in its reviews of bus contract regions? How can it be said that there are no plans for changes when many areas are crying out for more bus services? Is the “demand for bus services” measured by the number of actual riders, or by the number of potential riders who would if they could?

APT recommends that IPART clarifies the source of the data that formed the basis for this statement, and for similar forecasts in future years.

### **13.2.2 “CPI, WPI and non-wage labour cost indexes”**

No comment.

### **13.2.3 “Fuel Prices”**

No comment.

### **13.2.4 “Cost of buses”**

No comment

### **13.3 “Expected change in farebox revenue”**

No comment.

### **13.4 “Expected impact on government funding for social policies by region”**

It is interesting to see that “cost of fare harmonisation” is still calculated and displayed alongside other costs and subsidies such as funding for concessions and school students. See also 13.4.3.

#### **13.4.1 “Cost of the school student transport scheme (SSTS)”**

IPART refers again to the lack of reliable and up-to-date information from the private operators on the number of school students who travel under the SSTS.

#### **13.4.2 “Cost of the Government’s concession program”**

We support the continuation of the Government’s concession program.

#### **13.4.3 “Cost of fare harmonization policy”**

In recent years, fares in the private bus sector have gradually been harmonised with those in the four State Transit contract regions. This usually involved reducing the private bus fares. For the record, the cost of this was \$110 million in 2008-09.

## **14. Implications for the environment**

### **14.1 “Overview”**

### **14.2 “Pricing policies that take account of all the feasible options to protect the environment”**

#### **14.2.1 “Structure of fares”**

#### **14.2.2 “Level of fares”**

### **14.3 “Integration of economic and environmental considerations”**

We agree with the basic proposition that “different fare policies are unlikely to create significantly different environmental outcomes.” Many factors other than fares influence bus usage.

## **15. Implications for the affordability of fares and social impacts**

### **15.1.1 “Labour force status of bus passengers”**

### **15.1.2 “Income profile of bus passengers”**

IPART should be cautious when generalising about profiles of passengers. Not all users of Pensioner Excursion Tickets (PET) are poor, not everyone who lives at Mosman is rich, not everyone who uses TravelTens is in regular employment (especially since the prepay era began in earnest), and not all ferry users are richer than bus users.

### **15.2.1 “Expenditure on bus fares relative to income”**

Again, care is needed with generalising statistics.

- Many people who use Blue TravelTens in the CBD have already travelled in from the outer suburbs on weekly rail tickets.
- While longer-distance TravelTens chew up a greater proportion of weekly income, the people who use them live further from the CBD and generally benefit from cheaper housing costs than people living closer to the city.

### **15.2.2 “How bus fares in NSW compare to fares for other modes and cities”**

As IPART admits, comparisons with other cities are difficult for many reasons, not the least of which is that other cities don't have separate bus, tram, train or ferry fares. It's all the same.

## **15.3 “Availability of concession tickets”**

We agree with IPART that the impact of the proposed fares on users of concession tickets is not unreasonable.

## **Appendix A – Map**

## **Appendix B – Legislative Requirements**

## **Appendix C – Contract regions in the metropolitan and outer metropolitan area**

### C.1 Operational differences

#### C.1.1 Number of passengers

#### C.1.2 CBD vs regional-centre focus

#### C.1.3 Kilometres travelled – per bus and per passenger

#### C.1.4 Length of journeys

### C.2 Differences in costs and external benefits across regions

#### C.2.1 Cost to Government of providing service (contract payments)

#### C.2.2 Relativity between costs and external benefits

These contain interesting statistics but nothing contentious.

## **Appendix D: Our analysis of change in the quality of bus services provided (page 149)**

IPART has been hampered by the lack of reliable data, or any data in some cases, on costs and service quality. Operators ought to be recording this data for their own management purposes, so it should not be an onerous duty to provide it to IPART or the Ministry. See our comments under Quality of Bus Services in Section 3.

Collecting this data is in vain if merely used to draw lines on a chart. This is, in polite terms, unproductive self-enjoyment. Any problems must be identified, investigated and rectified.

**APT recommends** that future reviews publish information on what the operators or regulators have done to rectify any problems.

## **D.1 “Operators’ performance against key performance indicators”**

The Key Performance Indicators (KPIs) listed under this heading bear only passing resemblance to the Performance Expected by Passengers (or PEPs, if we might coin a phrase) listed in Box D.1 (page 165). Failures in PEPs include: bus was full, bus did not stop, bus did not turn up, no seats on bus, no bus scheduled when or where needed, crowding at bus stop. Buses running early are another entirely preventable cause of annoyance.

**APT recommends** that Key Performance Indicators (KPIs) be amended to more closely reflect the expectations of customers on the street rather than the expectations of depot managers.

### **D.1.1 “Leaving the depot on-time”**

This is obviously not a useful measure of punctuality. If the operator can’t get the bus out of the front gate on time, there is not much hope for the rest of the trip. Some random sampling of on-time running along the route should be performed – both by roadside checkers on multiple-route streets and by “mystery shoppers” on board the bus. Claims that unavoidable traffic congestion causes many delays may be true, but the timing data should be recorded as evidence to support proposals for improvements.

Footnote number 123 says “The on-time running figures include early as well as late buses, however the number of early buses are very small when compared with late buses.” This is a rather glib dismissal of the problem with early buses. Firstly, unlike late buses, there is no valid excuse why a bus should run early. Secondly, on a route with a 20 minute frequency, if a bus runs five minutes late, a passenger is delayed five minutes. If the bus is five minutes early, the passenger is delayed 20 minutes.

We note IPART’s statement that “NSWTI is currently trialling a new method for manually collecting on-time running data”.

**APT recommends** that IPART keep this project under watchful notice with the aim of having data available for next year’s review.

### **D.1.2 “Wheelchair accessibility”**

Buses with wheelchair accessibility are also used by people with children in strollers. In fact, the number of “stroller” users is many times greater than the number of wheelchair users. With large 4WD prams now being the norm it is essential that an accessible bus arrives when the timetable says that an accessible bus should arrive.

**APT recommends** that penalties be applied against those operators who fail to provide stroller and wheelchair accessible services when scheduled, and also against those who do not provide data on this important KPI.

## **D.2 “Customer feedback data”**

As for other operational data, the regulating authority must ensure that the data received is reliable, consistent and timely.

## **D.3 “Findings of customer satisfaction survey”**

See comments under D.1 above. On page 157 IPART says that while the survey is useful, and recommends that it be expanded and continued, “it cannot replace the collection of robust and consistent service quality data from bus operators”. The data collected should be relevant, as well as robust and consistent.

**APT recommends** that the findings of customer surveys be quantified and factored into the process of determining the fares.

## **Appendix E – Weighted average cost of capital (WACC)**

No comment.

## **Conclusion**

Action for Public Transport has no objection to this submission being posted on IPART’s web site.

Please contact us if you require any further information.

I thank my colleagues for providing input and assistance to the preparation of this submission.

Yours faithfully,

Allan Miles  
Action for Public Transport (NSW)