

Independent Pricing and Regulatory Tribunal  
PO Box Q290  
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NSW 1230

24<sup>th</sup> June 2009

**Re: WSCF Submission into Review of fares for metropolitan and outer metropolitan bus services from January 2010**

Dear IPART,

I submit some thoughts on the most recent inquiry into bus fares across Sydney. I thank IPART for the opportunity to comment on these important issues and hope to improve bus services in Sydney.

Regards,

Paul Falzon  
Western Sydney Community Forum

- 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 as the foundation for estimating the costs and benefits of bus services?**

Yes, as they could be seen as somewhat established markets. The demand for Sydney Buses could be argued as mature markets, having been established on the tram network and eventually becoming Sydney Buses.

- 2. Should IPART consider a broader set of contract regions in its review of the costs and benefits of bus services? If so, which additional contract regions should IPART include?**

Yes possibly Region 13<sup>i</sup>, as it was one of the first regions to undergo the Unsworth Review reforms. This region has experienced the highest growth rates in NSW from 2001-2006; Auburn Council at 16.4%. Other bus contract regions in western Sydney may also be considered such as Baulkham Hills, as in Region 4 (now known as the Hills Shire Council) at 14%, Liverpool City Council at 7% (parts of Region 3) and Blacktown City Council (partly in Region 4) at 6%.<sup>ii</sup>

It is important to look at bus contract regions in the light of the rates of growth between the 2001-2006 census periods.<sup>iii</sup> Clr, Tony Hay, president of the Western Sydney Region Organisation of Councils

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(WSROC) has stated that "Since 2001 the region has grown by almost 70,000 people or 4.5%, a growth rate higher than either the Sydney or NSW average". This growth has implications for transport and land use planning. Particularly in areas such as the Hills Shire Council, people do not have sufficient rail travel available to them and no direct competition competing for their travel mode choice. They must use a car or a bus to travel to their destination, when they move into a new area, personal transport infrastructure decisions will be made. i.e. if there is not a sufficient level of transport connectivity my family will need to buy several cars<sup>iv</sup>.

It would also be important to look at the similarity of population density between the Sydney Bus contract regions (e.g Region 7), which have a perception of more frequent services and better reliability and close by bus contract regions such as Region 3 (Parramatta and surrounds) and Region 13 (Parramatta / Auburn).

It is useful to note that using standard population density measures that the Australian Bureau of statistics (ABS) often uses, does not exclude parklands (e.g. Rookwood Cemetery, Olympic Bicentennial Park and Industrial lands), so do not accurately measure the number of people living in an area and may distort the demand for transport services.

### **3. What is the appropriate length for the fare determination?**

I suggest that the fare determination is annually, until there is integrated ticketing across all transport modes. Then after ticketing has been achieved, a 3-5 year period would be preferred to make fare determinations and also be in line with Metropolitan bus contract regimes, of which the current contract will cease in December 2011.

### **4. Is it better to align the end of the bus fare determination with the end of the CityRail determination, so that fares for both modes of transport can be considered together in 2012?**

It is better to align the bus fare determination with that of the CityRail determination. But to reduce the amount of time and expense involved for all interested stakeholders, bus determinations should be reviewed in mid 2010 to give stakeholders adequate time to focus on CityRail Fare determinations and the new metropolitan bus contracts in 2012.

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

In order to do this, IPART should take into account best practice bus systems in other parts of the world and expand its terms of reference to include these best practice examples.

Proposed criteria, should include:

- “to create a world class bus system for people living in Sydney”. Any criterion that IPART considers must address this primary fact. Should people living in Sydney expect any less?
- To maximize the NSW community’s health and wellbeing through providing an integrated transport system that maximizes the active travel opportunities available to people living in NSW<sup>v</sup>.
- Investigating pricing structures and policies that reward frequent bus usage with significant discounts for members of society that have the capacity to pay and subsidize those that cannot.
- Research on integrated ticketing should be of the utmost importance. People living in Western Sydney and those who are serviced by the majority of private bus operators do not currently enjoy the benefits of ticketing products such as the travel passes and the travel ten tickets, which are available in Sydney Bus regions.
- IPART should also take into account the travel psychology of passengers and travel behavior research which will assist with the fare determination period and measuring and observing the bus passengers behavior to various service quality improvements.
- The Bus contracts, under the present contractual arrangement are due to expire in 2012. It would be particularly useful to compare a private bus provider with a governmental provider, and seek to understand the difference in patronage and bus frequency and what relationship that has to the quality of service and goodwill of that bus service.

## **7. What is the appropriate rate of return to allow on regulatory assets in the four largest contract regions?**

For an efficient provider, under the government system, it would be to replace the assets and pay for some of the costs of running the bus system. Any profits, or revenue streams would ideally be used in promoting and marketing the bus system.

The difference for private operators is calculating the profit on the running of the bus services. I do not have the ability to determine the appropriate rate of return for a bus provider.

It would seem that at present services as dictated by the NSW Service Planning guidelines<sup>vi</sup> that bus services are more frequent in the peak periods and less so in the other times. It would be an interesting exercise to look at the Transit Way experience and contract it with a well known bus service such as the 400 bus and to learn about the profitability of

running such a service (e.g strategic corridor type routes) and to calculate the profitability of such a service.

### **8. What is the appropriate average remaining life for regulatory assets in the four largest contract regions?**

The life of buses should be 8 years. This is to ensure that the buses can be replaced with newer models e.g. Disability Transport Standard Compliant and comply with environmental standards as they become updated through better technology developments.

### **9. Introduction Review of fares for metropolitan and outer metropolitan bus services from January 2010. Is it appropriate to determine the share of costs to be borne by taxpayers based on the external benefits approach? What are the advantages and disadvantages of this approach?**

The bus system operating in Sydney does not cover its costs and needs to be subsidised. This is because the bus system only services 2% of people catching the bus to work in Western Sydney<sup>vii</sup>. The other 75% of trips (not work related) are not catered for (infrequent services, bus stops often not visible on the street, often buses don't run on Sundays and public holidays e.g. Anzac Day dawn services).

IPART regularly makes comparison to the opportunity cost of public transport as to public spending on law and justice, education and health spending. Public transport is the enabler to these other government services. It is not realistic to see them in isolation because of the holistic nature of people and the interaction of government services.

#### *Benefits*

In estimating the external benefits, there are some positives in using the framework to count and monetize the benefits of the bus component of the public transport system. Such as the value of senior citizens to attend to social programs and young people to attend educational opportunities as well as meeting interview requirements when on Centrelink<sup>viii</sup>.

#### *Disadvantages*

A disadvantage of using this approach would be that it is hard to quantify just exactly what the benefits are worth. There are differences of opinion over personal and collective benefits and who the benefit accrues to. E.g a senior citizen who has had her bus stop moved and can no longer walk to the new bus stop will most likely be less mobile and become socially isolated, which has a measured impact on the whole community.

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Anecdotal Evidence has shown that marginalised people who cannot access transport and become social need government funded (Home and Community Care Program) services to remain in their homes. The current government policy is for people to 'age in place'. That person may then require government services such as food delivery, personal care and support, social support and community transport on occasion. How do we account for the increase in costs associated with supporting that person to live in dignity and independently. What is the price of that person's independence and life chances? Who is in the best position to make that value judgement?

We must also remember that the NSW Government pays roughly 60% of the costs of the HACC program and that the Federal Government pays the balance. So using a purely external benefits approach can neglect the holistic nature of the interrelated way we live together in society and also the role that different government programs aim to support people living in our community.

10. Are there other external benefits of bus services that IPART should take into account?

#### *Reducing Vehicle Kilometres Travelled (VKT)*

There is a state plan target of reducing the total vehicles kilometers travelled in Western Sydney, particular cross-regional movements.

#### *Access & Equity and Reducing Transport Disadvantage*

Once again, in examining other external benefits, these benefits should be given further thought and researched by academics who have expertise in understanding the concept of access and equity in reducing social exclusion, as transport plays a direct role in enabling communities to access resources. We must also remember that people are not always 'rational' and always have control over their life chances.

#### *Cost Shifting*

Life chances are almost certainly an indicator of health, socio-economic and education levels. The whole community benefits when a person is lifted out of poverty and is able to participate. Further research needs to be undertaken to understand the relationship between social exclusion caused by lack of transport and the negative consequences, which are reflected in increased health and law and order services spent by governments.

## **15 What will be the increase in demand for bus services over the next five years?**

People don't choose a bus, they choose to travel. I suggest that when travelling using public transport becomes easier (information, improved connectivity and accessibility), we will see a significant growth in bus patronage and public transport.

### *Homogenous Services*

Does IPART have any data for the current level of demand for bus services and modelling under a variety of scenarios and alternative products? It is very important to understand the market for bus services, rather than just taking a pure economical approach through supply and demand mechanisms, because all the products are not homogenous and information is not always available for passengers to enable them to have that choice.

### *Choice and Information*

The concept of choice and also information can be illustrated by using the 13150o service. The operator had almost no information on bus services in Windsor and also did not have the Hawkesbury Valley Way (Richmond Rd) in the database. Using this assumption there is no choice to use the bus, because it was not able to be accessed, this is an extreme example. This will also be true for culturally and linguistically diverse communities, people with a disability and also people with limited mobility (as they are not able to enter some buses as they are not low floor). These groups are not supported well by bus companies, but I am unaware that there is the data to support or reject the claim.

### *Different Bus Services Yield Different Patronage*

The demand for bus services is complex around Sydney. Some areas are well serviced by buses and others aren't. There is a vast difference in the local feeder bus system to the Liverpool Parramatta Transit Way as I will describe. The private feeder bus service is provided by a local bus company, provides old buses with outdated ticketing technology, some buses have no air-conditioning and accessibility and the other is capable of providing 10 trips with easy access for less mobile passengers and more frequent services.

### *Quality of Bus Infrastructure*

Even in terms of cleanliness and waiting space, the Transit Way bus shelters are monitored and regularly cleaned and have bus priority whilst the private bus company has bus shelters that are regularly vandalized, missing bus timetables, and don't provide protection from the elements.

The totality of travelling on the bus system and the connectivity it offers will have much effect on the demand for bus services.

### *Lack of Data on Transport Disadvantage*

There are those who do not use bus services because of geographical issues (hilly areas; separated by long distances) and those that do not need bus services as they have private transport alternatives. Those that don't have any other option, are transport disadvantaged and must rely on community transport, and there are no current indicators other than some preliminary work that the University of Western Sydney and Western Sydney Community Forum has completed in 2006<sup>ix</sup>.

It is important to undertake some market research on the nature of bus passengers bus usage. In looking at the Liverpool-Parramatta Transit Way service the patronage growth will outstrip current supply in the peak periods if the exponential growth trend remains constant.<sup>x</sup>

## **16 What factors are likely to have the largest impact on bus use?**

The travelling public is interested in trips. It would be interesting to examine the free loop bus, which operates in Parramatta, Sydney CBD and Wollongong CBD. These trips, I suspect have mainly been taken by people who have travelled into the respective loop zone via another mode of transport, e.g. walking, cycling, bus, train or the ferry. Free buses are very heavily utilised, and an argument could be made that on that basis that less profitable routes could test market a free period could to build demand and establish other determinants of demand for bus service on that route for several years.

Availability of alternative ways to travel will have a significant impact on bus usage. Bus frequency, information about bus services (through creating transport access guides and regional maps for bus services in Western Sydney, such as Veolia has created in Region 13) and connectivity between modes are important in supporting demand for buses.

Price of petrol may influence demand for bus services, but on infrequent bus services, car pooling or travelling via another mode may make more sense if available.

Fairfield council, along with other Western Sydney Council's has long advocated for better connection with cyclists and buses. Many people working in the Fairfield –Liverpool area would like to store their bicycle on the front of the bus as happens in Canberra's Action Buses. Improving the ability for buses to carry bicycles would assist people who need to cycle to work and increase the mobility of young people.

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**17. Are recent increases in patronage likely to be a good indicator of patronage changes over the next five years? Why or why not?**

I suggest that IPART make a distinction between rapid bus services and also local feeder bus services. The success of the Liverpool Parramatta T-Way has much to do with bus priority measures, frequency of service and ease of payment<sup>xi</sup>. One can only speculate on the growth of these types of bus systems but the trend has been exponential and the same is mirrored on the North West Transit Way.

There are 43 strategic corridors, and with the installation of the PTIPS system could create more demand if they operated like the above Transit-Ways.

**18. Is a flat flagfall and a per kilometre charge that reflects the fixed and variable costs of providing bus services the most appropriate fare structure?**

Another way of considering a fare structure would be to charge per trip. There would be two zones, an inner CBD Zone and an Outer Zone. The reason for the fare structure would be to encourage public transport usage. Most non-work trips undertaken are about 3-5 kilometres<sup>xii</sup>, so it makes sense to charge an appropriate fare for charge per trip limited by time in a zone based system. These Zones are already in operation for Sydney Buses, and in Western Sydney could be based on bus contract regions. People could buy a discounted book of ten. Since most trips will be small there is likelihood of increased volume on the smaller trips which are not as costly to run.

The extra marginal cost on long trips will not be that dramatic because of the nature of bus patronage, as passengers get on and off the bus, the more volume will create more income. The fixed costs of providing a longer service would remain roughly the same and the marginal costs, associated with extra patronage and the nature of bus trips which tend to be shorter, should not raise concern.

**19. Under what circumstance should passengers only pay a single flagfall charge when using more than one bus to complete a journey or multiple transport modes? Given the limitations of current ticketing technology, how could this be achieved on buses?**

Current technology is already in use in 'transfer tickets' – currently in use on Veolia Transport services in Region 13. To demonstrate the single flag fall, for a bus trip, a passenger would buy transfer ticket from South Granville (and tell the driver they are travelling to Parramatta). When at Granville Bus Interchange the passenger would then travel through connect to Parramatta, using their transfer ticket. Or another example



would be for bus feeder services from Ashcroft to Busby to service the Liverpool Parramatta Transit Way.

The advantage is that people just have to pay a single flag fall, to do several activities in a day passengers may have to catch several buses. It would be much easier just to base the contract payment per trip as does happen in other parts of the world. As mentioned previously the majority of non-work trips are small, so more revenue could be generated by operators and also that bus passengers would get a better level of service frequency.

**20. Is the current aggregation of ticket sections (1-2, 3-5, 6-9, 10-15 and 16+) appropriate? Should more or less ticket types be introduced to better reflect a consistent flat flagfall and per kilometre charge?**

The system needs to be as simple as adding credit to your mobile phone as Action for Public Transport has stated in previous IPART proceedings. No – more emphasis needs to be made to encouraged people to use the bus for small trips where they would have used the car or previously walked, or decided not to travel.

The price should be about \$1.5 per 1-2 section trip and \$2.50 per 3-5 trip. It could be as simple as having a punch card and for each trip it would go into the punch card and punch out the card.

**21. Should all bus passengers travelling more than 16+ sections (24 kilometres) be charged the same fare?**

Yes, to discourage car usage. It may be a good way of promoting travel on Transit Ways and strategic corridors, rather than driving large distances.

**22 What factors should IPART take into account when considering the social impact of fare options on bus passengers?**

A simple fare system makes integrated ticketing simpler and easier to implement. Access and equity principles should be paramount in determining the fare options of passengers and future passengers.

**23 Are there any other factors IPART should take into account when considering the environmental impacts of bus fares?**

Yes it is very useful for looking at the four largest contract regions as a benchmark for comparing metropolitan and outer metropolitan bus contract regions.

Buses are underutilized and there is a need to provide widespread bus priority on all major freeways and highways. Rapid Bus Transit Ways could be investigated as a great way to implement a world class bus system for Sydney.

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<sup>i</sup> Veolia Transport <http://www.connexnsw.com.au/services/map13.pdf>

<sup>ii</sup> ID profile – Auburn Council, p.5

<http://203.84.234.220/templates/profile/Clients/303WSRO/PDF/100.pdf>

<sup>iii</sup> *Media Release: 2006 Census highlights Western Sydney growth and change*, WSROC, <http://www.wsroc.com.au/page.aspx?pid=252&vid=1>

<sup>iv</sup> NSW Final Report, the Transport Needs of Sydney's North West Sector, <http://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/6F4B11BA339506B6CA2574B4001955D3> 19th December 2008.

<sup>v</sup> Cost of obesity is estimated at \$11 billion annually for Australians, ABC Online, *The Cost of Obesity* -

<http://www.abc.net.au/health/thepulse/stories/2006/03/09/1587390.htm>

<sup>viv</sup> NSW Metropolitan contract Service Planning Guidelines, June 2006,

<http://www.transport.nsw.gov.au/busreform/service-planning-guidelines.pdf>

<sup>vii</sup> 2006 Census Data, Journey to Work, NSW Ministry of Transport Data Centre.

<sup>viii</sup> Centrelink only gives job seekers a small amount as an extra payment to meet mutual obligation requirements, roughly about \$10 per week

<sup>ix</sup> (2006) Hurni, Anne & Western Sydney Community Forum "Transport Disadvantage in Western Sydney".

[http://www.wscf.org.au/uploads/File/Transport\\_disadvantage\\_report\\_web.pdf](http://www.wscf.org.au/uploads/File/Transport_disadvantage_report_web.pdf)

<sup>x</sup> Westir, Liverpool – Parramatta Bus Transitway – A Success Story, [http://westir.org.au/index.php?option=com\\_content&task=view&id=21&Itemid=35](http://westir.org.au/index.php?option=com_content&task=view&id=21&Itemid=35)

<sup>xi</sup> Western Sydney Buses Timetable – T80

[http://www.sydneybuses.info/uploads/File/pdfs/temp\\_files/LPT\\_T80\\_TWAY\\_2009.pdf](http://www.sydneybuses.info/uploads/File/pdfs/temp_files/LPT_T80_TWAY_2009.pdf) effective June 28th 2009.

<sup>xii</sup> p.17 Transport Data Centre, *Household Travel Survey*, 2008

<http://www.transport.nsw.gov.au/tdc/documents/hts-report-2006.pdf>