

**STATE TRANSIT AUTHORITY OF NSW**

**SUBMISSION TO THE INDEPENDENT PRICING AND  
REGULATORY TRIBUNAL OF NSW**

**FOR THE DETERMINATION OF PUBLIC TRANSPORT  
FARES**

**2002/03**

**March 2002**

# CONTENTS

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		<b>Page</b>
	Summary	1
1	Introduction	4
2	Fares Policy Directions	6
3	Funding Framework	9
4	Efficient Costs and Fares	11
5	Performance Measurement	15
6	Service Enhancement	21
7	Revenue Protection	26
8	Customer Profile	28
9	Fare Proposal for 2002/03	30

## **Appendices**

A	Corporate Plan 2001/02
B	State Transit Organisational Chart
C	Patronage Trends
D	Implementation of 2001/02 Fares Determination

## SUMMARY

In addressing the key issues that the Independent Pricing and Regulatory Tribunal (IPART) raised in its 2001 determination, State Transit has targeted the achievement of efficient costs, the adoption of key dynamics involved in a customer charter and a continuing improvement in key performance indicators.

In its previous submission State Transit presented a case for a sustainable funding model supported by a fare setting process aligned with the efficient costs of service provision; where the assessment of efficient costs includes a capital component based on a provision for asset replacement. In such a fare setting framework, where efficiencies are built into the calculation of fares, it will only be possible to fund service improvements and business expansion from continual improvements in efficiencies.

We note that IPART has delayed the implementation of the sustainable funding model until State Transit could demonstrate that it had implemented measures to achieve a level of efficient costs.

With the completion of the current round of Enterprise Bargaining Agreements (EBAs) State Transit will finalise the process of realising all achievable efficiency gains for Sydney Buses, consistent with the reforms identified in the 1998 IPART efficiency review. Given that the IPART cost efficiency was completed with reference to 1996/97 conditions, it is difficult to estimate the precise monetary impact of implementing the IPART reforms. Sydney Buses patronage has increased by 8.0% and bus kilometres on standard route services have increased by over 20%. However, the efficiency gains realised are clearly reflected in improved productivity. Bus kilometres per employee have increased by 6.1% since 1996/97, staff being the main resource used in the supply of bus services.

State Transit is currently considering the recommendations of the cost efficiency study completed for Sydney Ferries. This will permit the development of a blueprint to guide the implementation of required reforms consistent with eliminating identified inefficiencies.

State Transit's performance against key performance indicators has continued to reflect the commitment to reliable, convenient, efficient, courteous, comfortable and safe public transport services. These six requirements form State Transit's objectives and are consistent with ensuring that services are delivered at a standard of quality that matches passenger expectations. The targets that have been tied to each of these objectives are consistent with the directions that might be expected to emerge from the Customer Charter being developed for the entire public transport industry by Transport NSW. In particular, it will provide a framework whereby State Transit can provide a 'Guarantee of Service' in areas such as on-time running, bus presentation, customer information and customer safety and security.

Sydney Buses on-time running has increased to 97.1%, which is well above the service benchmark of 95% and compares with the 96.1% achieved in 2000/01. Sydney Buses service cancellations have fallen to less than 0.4% of timetabled services. Sydney Ferries has maintained an exceptionally high standard of reliability with 99.5% of service running on-time and only 0.5% of services being cancelled. Newcastle Buses also exceeded the service benchmark with 95.5% of services running on time.

These aggregate service performance indicators have also been supported by on-going research to measure service performance at a 'local' level and measure customer satisfaction with State Transit services.

The maintenance of State Transit service standards and associated customer satisfaction needs to be seen against a background of continually increasing community expectations regarding State Transit bus and ferry services. In response, State Transit has maintained a program of on-going service review and improvement.

The 'Better Buses' program is integral to this process. Following the success of the program in Sydney Buses' North West region, the program has been extended to review all State Transit's Sydney and Newcastle operating regions over the next three years. Service design proposals are developed with reference to regional research and analysis of internal and external data including transport data, demographic data, ticket data, market research, local and regional land use planning strategies and service performance data. The program also incorporates an extensive community consultation program to ensure that the final structure reflects the needs and wishes of the greatest number of existing and potential customers.

The impact of the Better Buses program to date has been significant. The application of timetable changes in the North West region (i.e. the former North and Western business) in March and June 2001 has generated a farebox revenue increase of \$1.5 million per annum without an increase in operational costs.

In the medium term, maximum allowable fares should be aligned with the efficient costs of service provision, including provision for long-term asset replacement, for each of its three businesses. It is then a matter for the Government as to whether and when such fares might be charged. However, it is expected that any program of aligning fares with efficient costs will extend over a number of years.

The establishment of a notional cost recovery fare structure will enable State Transit to negotiate CSO contracts which provide revenue certainty, ensure that service standards are maintained and that the capacity exists to respond to changing patterns of passenger demand.

Modest increases in fares associated with a medium term pricing path could be implemented over time and still maintain the existing patronage base.

State Transit anticipates that within the next 12 months IPART will have accepted that efficient costs have been achieved, that a formal Customer Charter will be available and key performance indicators will be published. Furthermore, by the end of the 2002/03 financial year three quarters of the "Better Buses" changes to service levels will have been implemented. In the Sydney Ferries context, it is not appropriate to define and implement a medium-term pricing path pending further consideration of the recently completed efficient cost study and the report of the NSW Waterways Authority regarding Sydney Ferries operations.

In the context of a changing service environment State Transit therefore seeks a modest increase of only 2% for 2002-03. This is less than the projected increase in the Consumer Price Index (CPI) and the implied increase in input costs.

To maintain close to an average 2% fare increase for State Transit, when combined with the effect of rounding, has resulted in fares in some instances increasing by more than 2%.

A smaller increase in Newcastle fares reflects a reluctance to increase the fares of the One Hour time tickets. A rise of ten cents in the price of the adult One Hour ticket represents an increase of 4%. Because of State Transit's policy of rounding fares to the nearest ten cents, the increase for the One Hour concession ticket would have been 8%. These increases are well over the average increase for the rest of State Transit. As the One Hour time tickets are used by more than 80% of fare paying passengers in Newcastle (excluding Pensioners), it was considered that increases of such magnitude would place an unfair burden on the majority of travellers in Newcastle where, unlike Sydney, fares are time based and there are fewer travel options.

The result of the smaller fare increase proposed for tickets used wholly in Newcastle has held the average fare increase for State Transit to 1.91%.

## **1. INTRODUCTION**

### **1.1 Scope of Submission**

In recent years, the Independent Pricing and Regulatory Tribunal (IPART) has clearly identified the key issues relevant to the determination of State Transit fares. These are the achievement of efficient cost levels, developing and publishing customer service indicators and achieving an improving trend in these indicators.

In its previous submission State Transit presented a case for a sustainable funding model supported by a fare setting process aligned with the efficient costs of service provision; where the assessment of efficient costs includes a capital component based on a provision for asset replacement. In such a fare setting framework, where efficiencies are built into the calculation of fares, it will only be possible to fund service improvements and business expansion from continual improvements in efficiencies.

We note that IPART has delayed the implementation of the sustainable funding model until State Transit could demonstrate that it had implemented measures to achieve a level of efficient costs.

This submission shows that all achievable efficiencies have now been realised by Sydney Buses, consistent with the cost efficiency study completed by IPART in 1998. Reference is also made to the efficient cost study recently completed for Sydney Ferries, which will provide the blueprint for the migration to efficient costs within this business.

Detailed consideration is given to reporting trends in performance indicators for each of the three State Transit businesses, together with other initiatives intended to augment these indicators, specifically the development of a Performance Assessment Regime (PAR) and Customer Charter. Reference is also made to research completed by State Transit that has provided important insights into the performance of the three businesses.

State Transit has committed to a process of continuous service improvements through the 'Better Buses' program, consistent with rising community expectations (particularly following the Olympic Games) regarding their public transport services. Consideration is given to the key service enhancement initiatives currently being pursued by State Transit. This includes the 'Better Buses' program, the assessment of customer feedback provided via the 131500 transport information service and bus and ferry fleet replacement strategies.

As requested by the Tribunal, the submission also addresses revenue protection initiatives.

## **1.2 Quality Assurance**

The process of ISO 9001 certification is expected to be completed by June 2002. The implementation of a quality assurance system will ensure that a consistent and reliable level of service is provided to both external and internal customers.

## **2. FARES POLICY DIRECTIONS**

In the medium term, maximum allowable fares should be aligned with the efficient costs of service provision, including provision for long-term asset replacement, for each of State Transit's three businesses. It is then a matter for the Government as to whether and when such fares might be changed. However, it is expected that any program of aligning fares with efficient costs will extend over a period of some years.

The establishment of a medium-term pricing path will provide State Transit with the revenue certainty required to ensure that service standards are maintained and that the capacity exists to respond to changing patterns of passenger demand.

It is expected that IPART will require another 12 months before it will be satisfied that the medium-term pricing path reflects efficient costs, is affordable and will not risk loss of patronage if implementation is staged over a number of years.

Whilst State Transit's performance standards are higher than most public transport providers throughout the world, and its activities in consulting with its passenger base (and implementing changes in response to passenger feedback) is achieving more than the presence of a customer charter, it is acknowledged that more can be done to enhance the public reporting of key performance indicators.

Further, the recommendations of the Waterways review of ferry operations need to be implemented. These matters will be finalised within the next year.

In the context of a changing service environment State Transit therefore seeks a modest increase of only 2% for 2002-03. This is less than the projected increase in the Consumer Price Index (CPI) and the implied increase in input costs.

As in previous submissions, proposals have been developed with the requirement to balance economic efficiency, operational and social considerations firmly in mind.

The proposal for a smaller fare increase for tickets used wholly in Newcastle has held the average fare increase for State Transit to 1.91%

### **2.1 Sydney Buses**

Economic efficiency considerations suggest that fare increases should be skewed towards (price inelastic) commuter-oriented products, specifically the TravelTen and TravelPass. Minimising the social impact of fares increases is also consistent with this strategy, given that single ticket users are more heavily represented in lower income groups.

With the exception of the 2000 determination, where an 'across-the-board' fare increase was applied to accommodate the introduction of the Goods and Services Tax (GST), State Transit has pursued this strategy since the early 1990s. That is, fare increases in the main were applied to TravelTen and TravelPass products.



Although this strategy has been pursued over the past decade, the effective discounts offered by the TravelTen and TravelPass products relative to single ride tickets still lie well outside the target range previously endorsed by IPART. The average discount offered by the TravelTen is over 25%, while effective TravelPass discounts range from 30% to 40%.

However, the capacity to further reduce these discounts has been somewhat compromised by the fact that the cash single ride ticket market share has increased from around 20% to 24%.

The increasing proportion of single ride fares is sub-optimal from an operational perspective, where it is desirable to minimise the proportion of on-bus ticket sales. This is consistent with minimising bus dwell times, thereby improving service reliability and reducing trip times, together with reducing cash handling costs.

The magnitude of the proposed fare change (2.0%) provides little opportunity to reign in the effective TravelTen and TravelPass discounts and meet the objective of discouraging any further increase in on-bus sales.

## **2.2 Sydney Ferries**

The responsiveness of Sydney Ferries demand to fare changes is relatively consistent across ticket types. This primarily reflects the influence of the tourist market on the cash daily ticket market, which tends to reduce cash single ride ticket elasticities to a similar order of magnitude to that applicable to commuter oriented products (i.e. FerryTen and TravelPass).

## **2.3 Fares and Ticketing Policy Development**

State Transit offers a much wider range of ticket products compared to private bus operators. For private buses the main ticket product is the single cash fare, although some operators offer weekly tickets which are linked with rail travel. State Transit on the other hand, has a range of multiride (TravelTens) and multimodal weekly tickets, which are offered at a discount to equivalent single cash fares.

The Sydney integrated ticketing project is intended to progress the introduction of smart cards across all public and private operators from late 2003. The introduction of smart cards may provide State Transit with the opportunity to adopt innovative fares and ticketing policies which have hitherto not been technically feasible. This potentially includes further fares integration with public and private operators and the use of innovative discount and loyalty schemes.

Pending the introduction of smart card ticketing, it is considered inappropriate to introduce any major reforms to fares or ticketing policy. The product range of tickets has all but exhausted the capacity of the current Automatic Fare Collection (AFC) system which is 10 years old. This would potentially create a scenario whereby fares and ticketing policy changes might be introduced that are not consistent with post-smart card policy objectives.

State Transit will, however, continue to review the merits of specific fares and ticketing policy reforms identified in the intervening years.

State Transit had the opportunity to assess the operational impact associated with the 'cashless bus' concept during the four 'free fare' days in 2001 associated with industrial action. Given that around 25% of customers purchase tickets on-bus, the effect on bus dwell times and hence run times was not insignificant. However, given that no fares were collected, the customer reaction to a cash free bus remains uncertain. The introduction of smart cards is expected to significantly reduce the number of cash payers, thereby moving towards the 'cashless bus' concept and hence no specific trials are proposed.

It has been suggested that State Transit should consider introducing a TravelTwo and/or TravelSix to complement the existing range of TravelTens. From a customer perspective, the key issue is the 'up front' cost of a TravelTen. Given the additional ticket issuing costs that would be associated with introducing these products, it would not be appropriate to offer the same discount provided on the existing range of TravelTens relative to cash single ride tickets. For example, same day return tickets (i.e. a TravelTwo) might only attract a discount of 5% to 10%.

State Transit would consider introducing the TravelTwo and/or TravelSix tickets as part of a general review of ticket types, if consumer sentiment, expressed in consumer surveys conducted by State Transit indicated that there was a need to expand ticket offerings to include these products.

State Transit made a commercial decision twelve months ago, based on the low sales of the Bustripper ticket to effectively replace the Bustripper ticket with the Daytripper ticket. The Daytripper ticket can be used on the whole State Transit network and therefore has wider consumer appeal.

### **3. FUNDING FRAMEWORK**

#### **3.1 History**

The funding model has been described in detail in many of State Transit's submissions to IPART over the past ten years. During that time most of State Transit's stakeholders were satisfied that the model was suitable. It was the view of IPART and others that the combination of revenue generated through the farebox (at fares determined by IPART), together with the fares paid by Government on behalf of those entitled by Government policy to free and concessional travel, Service and Pricing CSOs was enough to fund not only the ongoing business of State Transit but also asset replacement and growth.

Until 1998/1999 this perspective can be understood as all sources of funding, including the proceeds from the sale of surplus real estate assets, were sufficient to provide not only for asset replacement but also for key service quality improvements. State Transit was able to introduce a significant number of gas powered buses into its fleet as well as to improve other features of buses such as low floors, air-conditioning, CCTV cameras amongst others. These improvements were well advanced by 1999 when the debt on State Transit's balance sheet had been contained to \$50 million.

#### **3.2 Developments**

When the availability of proceeds from surplus asset sales dried up, it quickly became apparent that the funding model did not deliver funding sufficient to replace assets at standards that matched customer expectations.

To implement the capital works program in a manner consistent with Government objectives, it has been necessary to supplement the funding model with additional debt. By February 2002 debt had risen to \$139.0 million.

This level of debt would have been significantly higher had it not been for the Government funding provided as part of the Action for Transport 2010 program which allocated funds for the upgrade and replacement of ferries (\$82 million over ten years).

In an endeavour to further contain debt Government provided an additional \$5.1 million in 2001/02 in advance of a review of State Transit's capital structure which will determine the optimum level of debt that should be carried.

#### **3.3 Funding and service quality improvements**

The migration of people from the private motor car to public transport, and the retention of existing passengers, is vitally dependent on bus and ferry service quality improvements. Significant improvements can only be achieved by commitments to outlay substantial amounts of money which has to be funded.

Debt can no longer be relied on as a future source of funding.

Accordingly, future service quality improvements can only be funded either by fares or with further support from Government.

For many years now State Transit has consistently presented the case justifying the need for adopting a medium term pricing path. It is expected that IPART will finally accept that this is necessary after it has confirmed that State Transit has successfully implemented the achievable efficiency reforms prescribed in 1998, and ascertains that the fare required to recover efficient costs is both an affordable one, and will not result in a loss of patronage if implemented over a number of years.

After this agreement is reached (anticipated to be within the next 12 months) the funding model can be revised to ensure that sufficient funds are available to prevent the need to borrow beyond the level to be determined by the capital structure review.

## **4.0 EFFICIENT COSTS AND FARES**

### **4.1 Efficient Costs**

#### **Sydney Buses**

The completion of the current round of EBAs will see State Transit complete the process of realising all achievable efficiency gains for Sydney Buses, consistent with the reforms identified in the 1998 IPART efficiency review. The realisation of these gains has reflected a combination of reforms:

- Restructure of the operational workforce to minimise non-driving shifts (also known as exclusive shifts). Other non-driving shifts have been contracted out.
- Increase in the number of part time bus operators to improve flexibility and better align set pieces of work (less than a full shift) to part time resources to achieve the most cost effective outcome.
- Standard job times have been established in the maintenance workshops where time recording against benchmarks has improved performance.
- Maintenance staff have been rostered in a more flexible manner so that buses are able to be maintained at times outside the peak hours.
- The payroll and accounts payable functions have been centralised within a single unit reducing the number of staff engaged in these activities.
- The procurement process has been overhauled. Tenders and Forward Purchasing Agreements have been streamlined and computer processes have been enhanced to more fully automate the operation of the purchasing function.
- New buses purchased over the last four years include 331 buses powered by compressed natural gas (CNG) which is a significantly cheaper fuel than diesel.
- State Transit has introduced a “Business Management System (BMS)” which locks in improved practices by way of revised system procedures. Further, the BMS promotes continuous improvements in all areas of operations. This system is the central instrument in moving towards ISO 9001 accreditation.

Given that the IPART cost efficiency was completed with reference to 1996/97 conditions, it is extremely difficult to estimate the precise monetary impact of implementing the IPART reforms. However, the efficiency gains realised are clearly reflected in improved productivity. Bus kilometres per employee have increased by 6.1% since 1996/97, staff being the main resource used in the supply of bus services.

The growth in output has resulted from a combination of introducing new routes, increasing frequency of some existing routes, progressive implementation of the 'Better Buses' program which better allocates bus services to areas of changing demand, and the acquisition of two bus companies in the North West sector of Sydney.

The impact of the efficiency reforms are masked somewhat because of the additional costs associated with key improvements in service quality. Improvements in reliability require substantial extra expenditure on maintenance; improvements in safety and security are able to be achieved because of the operation of the CCTV system (amongst other things such as driver safety training) which involves significant cost; the maintenance costs associated with the increasing proportion of air-conditioned buses are also high.

More importantly because of the increase in traffic volumes on some of State Transit's corridors of operation, average bus speed (a key determinate of cost) is slowing operations and resulting in a corresponding increase in operating costs.

### **Sydney Ferries**

State Transit commissioned an independent consulting firm to undertake an analysis of the operations and functions of Sydney Ferries. The principal objectives of the consultancy were as follows:

- Analyse the operations, structure and functions of Sydney Ferries and to relate these to the costs and cost drivers of the Sydney Ferries
- Assess the scope and identify the key opportunities for improving efficiency and cost recovery across these functions
- Identify achievable cost reductions and improvements in resource utilisation
- Propose strategies for achieving an efficient cost structure over the short, medium and longer term.

A draft report was made available to State Transit in December 2001 and the recommendations of this report are currently under consideration. In particular, the report identifies a number of targeted revenue and efficiency improvement initiatives that might be implemented over the next three years.

It is important to recognise that the review of Sydney Ferries' operations completed by the NSW Waterways Authority (Taylor Report) will significantly impact upon the costs of service provision. The Minister for Transport has established the Sydney Ferries Reform Taskforce to implement the 61 recommendations directed at improving the safety, operational efficiency and reliability of Sydney Ferries. The substance of the recommendations involve Sydney Ferries introducing quality management systems for the shore side operations and an International Safety Management Code system for each of the ferries within the fleet.

## **4.2 Efficient Fares**

A cornerstone of the proposed future funding arrangements as outlined in the Statement of Financial Performance with Treasury, is that State Transit fare levels are as far as practicable, aligned with the efficient costs of service provision, where the assessment of efficient costs includes a capital component based on a provision for asset replacement.

At this stage, it has been assumed that asset replacement costs are an appropriate proxy for the capital used to provide services. However, it is anticipated that over time a more precise methodology will be employed to measure the efficient level of capital required and the appropriate rate of return.

The identification and subsequent implementation of the recommendations of the 1998 IPART cost efficiency study has enabled State Transit to determine the fare level consistent with efficient costs for Sydney Buses.

An equivalent cost efficiency study has recently been completed for Sydney Ferries. It is proposed to commit to the implementation of Government endorsed efficiency measures, which will determine the level of efficient costs and hence efficient fares.

The application of the recommendations of the 1998 IPART cost efficiency study to Newcastle Buses has established the level of efficient costs and hence efficient fares. For practical purposes, the level of efficient costs for Newcastle Ferries is assumed to be given by actual costs plus asset replacement costs.

The derivation of the average efficient fare for each business needs to reflect the significant differences in the relative utilisation of available capacity across each business. In particular, while Sydney Buses enjoys relatively high average utilisation of its services, both Sydney Ferries and Newcastle Services are characterised by relatively low average service utilisation. As such, it is proposed to derive the target average efficient fare levels for Sydney Ferries and Newcastle services with reference to a 'proxy' patronage level, consistent with an assumed level of service utilisation to be agreed with IPART.

It is important to recognise that the efficient fare scale does not provide for business expansion associated with demand derived from economic factors such as increased employment of young people and urban consolidation amongst others. Specifically, the addition of such services is necessarily profitable. It is assumed that as non-commercial services in excess of MSLs are reduced (with the approval of Government), the capacity released is applied towards meeting increases in demand.



## 5. PERFORMANCE MEASUREMENT

### 5.1 Key Performance Indicators

The table below provides performance statistics for the three State Transit businesses between 1997/98 and 2001/02.

**STA service standards**

	1997/98	1998/99	1999/00	2000/01	2001/02 Forecast
<b>Sydney Buses</b>					
On-time running	97.2%	97.1%	97.4%	96.1%	97.0%
Trips cancelled	0.37%	0.52%	0.44%	0.47%	0.44%
Customer satisfaction	72.0%	na	na	70.0%	na
<b>Sydney Ferries</b>					
On-time running	98.6%	98.4%	99.5%	99.4%	99.5%
Trips cancelled	na	na	na	0.70%	0.50%
Customer satisfaction	71.0%	na	86.0%	84.0%	na
<b>Newcastle</b>					
On-time running	99.2%	97.9%	95.1%	95.5%	95.5%
Trips cancelled	0.02%	0.02%	0.07%	0.07%	0.06%
Customer satisfaction	na	na	na	na	na

na = not available

The table shows that:

- Sydney Buses: on time running has continued to exceed the benchmark of 95% of services running on time. For the year to date, Sydney Buses has achieved a 97.0% on time service performance, compared with 96.1% in 2000/01. Trip cancellations have remained extremely low at 0.44%.
- Sydney Ferries: on time running has continued to remain at the extremely high levels set in previous years. For the year to date, 99.5% of services have run on time. Trips cancelled declined from 0.7% in 2000/01 to 0.5% in 2001/02.
- Newcastle: on time running has continued to exceed the 95% benchmark. For the year to date, 95.5% of services have run on time and less than 0.1% of services were cancelled.

By way of comparison private bus operators have a similar performance requirement incorporated into their commercial contracts. Clause 1c15.1(e) asks the operator to use its best endeavours to ensure that no scheduled journey operates early and that 95% of the scheduled journeys operate no more than five minutes late.

It is well recognised that a move to integrated ticketing products and technology has the potential to provide the framework for a marked shift in customer satisfaction and service performance for buses and ferries.

An integrated system will mean the phasing out of pre-encoded paper tickets, the potential for simpler fare structures, greater inter-modal integration of products and more customer friendly products.

Without the time consuming dipping procedure of paper tickets the improved performance of the bus network will lead to increased on-time running and trip times and passenger boardings. The benefits will be seen in more efficient utilisation of the bus fleet and delivery of services for less cost.

With the proposed introduction of a tag off system it is envisaged that revenue losses from overriding will be eliminated and correct fares will be paid.

These systems are currently being developed and will have a phased introduction over the next 3 years in buses and ferries.

The regulation of service contracts for private and public bus operators is administered by Transport NSW under the terms of the Passenger Transport Act 1990.

The commercial contract provides conditions of operation including the provision of:

- routes, fare schedules and timetables
- minimum service levels as specified by TNSW
- a management information system to enable monitoring of compliance with standards of service
- a complaints register

Performance requirements are specified in the Minimum Service Level (MSL) policy. The MSL policy sets standards for:

- service frequency: a minimum quantity of service that must be provided in each contract area
- service coverage (spatial): ensures that most parts of each contract area are within a certain distance of a route
- service coverage (temporal): states the times that services must be available throughout the day, evening and weekends

These aggregate performance indicators are supplemented by detailed analysis to ensure that specific performance issues, by service and/or time of day, are identified and addressed. For example, as part of the 'Better Buses' program, an extensive series of timing checks was undertaken. The scheduled and actual arrival times of buses at a series of timing checkpoints were recorded to determine if timetables needed to be altered to reflect changing traffic conditions and improve service on-time running. The timetable changes identified via this process will be introduced with the implementation of 'Better Buses'.

## **5.2 Performance Assessment Regime (PAR)**

The draft Performance Assessment Framework (PAR) developed by Transport NSW envisaged that performance benchmarks would be developed in the following areas:

- Vehicle accessibility
- Passenger comfort
- Information and signage
- Passenger and driver safety
- Environmental standards
- Complaints management.

Transport NSW is presently reviewing the proposed PAR, in conjunction with further work on a range of related policy initiatives. Pending the further development of the PAR, State Transit will continue to collect and review a range of performance indicators.

## **5.3 Service Quality Index (SQI)**

State Transit participated in the study undertaken by the Institute of Transport Studies, University of Sydney, which was a trial study directed at identifying customer preferences and assessing the extent to which operators are meeting passenger preferences. Two of State Transit depots (Ryde and Kingsgrove) and one private operator, Busways, participated in the study. The service quality attributes included travel time, fare, ticket type, service frequency, reliability, walk time to the bus stop, seat availability, bus stop facilities, access to the bus, on-board temperature and bus cleanliness.

Across all market segments, the most important contributors to the SQI were having a seat for the whole trip, reliability, having a seat at the bus stop, travel time and fare. A SQI was also calculated using just three attributes: service frequency, reliability and access time to the bus stop.

## 5.4 Customer Charter

In 2001, State Transit joined with other transport agencies to work with Transport NSW to implement a generic Service Charter for all transport agencies, under the single umbrella of Transport NSW. It will provide a framework whereby State Transit can provide a 'Guarantee of Service' in areas such as on-time running, bus presentation, customer information and customer safety and security.

The process is well underway and is being co-ordinated by Transport NSW, which is currently reviewing operational customer service values across all agencies. State Transit has participated extensively in this process in meetings and workshops as well as cross-agency forums. The Service Charter for Transport NSW should be completed in the second half of 2002. From a State Transit perspective, the customer value service value concept encompasses six Corporate objectives:

- Reliability
- Convenience
- Efficiency
- Courtesy (customer service)
- Comfort
- Safety and security

In practice, this is consistent with the customer-related targets set out below.

OBJECTIVE	TARGETS
Reliability	We set our timetables so that we run on time in normal traffic conditions We aim never to run early We aim never to have any mechanical failures that can be prevented by regular maintenance
Convenience	Our bus routes run within 800 metres of everyone in a local community and within 400 metres of most We connect with all major urban centres in our operating area We regularly adjust our timetables and increase capacity to meet changes in demand
Efficiency	Our fares are logical, affordable and tickets are easy to get Our fleet and staffing is the optimum level for the services provided A growing proportion of our bus fleet is powered by Natural gas, an environmentally friendly and low cost fuel The Traffic Management Centre provides up to the minute information on incidents that cause traffic problems, offering solutions for speedier bus trips
Courtesy - Customer Service	We always try to meet passengers' needs willingly and courteously We offer help to those who don't understand the transport system or who need physical assistance We are always willing to explain our decisions
Comfort	All new buses are air conditioned, fully accessible for people with disabilities and have quality seating Our buses and ferries are easy to board for everyone We aim to have timetabled accessible services on 50 routes in 2001 and on all routes by 2010 All of our buses and ferries are cleaned internally daily, and between trips when necessary Our ferries are washed daily and our buses every three days We aim to buy only environmentally friendly buses and ferries in future
Safety and Security	To deter misbehaviour on-board all buses are equipped with CCTV and direct radio to base Our Risk Control plans ensure that all emergency responses are regularly tested to ensure the safety of our passengers and staff Buses are routinely patrolled by uniformed and plain clothed Police Staff trained in dealing with difficult customers All entry and exit doors are built to avoid passenger entrapment All school buses have flashing warning lights and 40 km/h speed limit signs All interiors of buses and ferries have non-slip floors and convenient hand grips

## 5.5 Market Research

In 2001, State Transit continued to conduct a wide range of surveys to assist service planning and the development of strategies to meet customer expectations. A number of these surveys have provided an insight into community views regarding State Transit's performance.

For example, as part of the development of the Newcastle Bus Plan and the development of the Eastern Suburbs 'Better Buses' program, customers were asked to rate a number of service features using a 10 point scale. The results are presented in the table below. From a fare setting perspective, it is notable the research conducted in both Sydney and Newcastle obtained the highest ratings against the 'value for money' criteria.

	<b>Newcastle Customer Rating</b>	<b>Eastern Suburbs Customer Rating</b>
<b>Characteristic</b>		
Value for money	8.6	7.5
Staff friendliness and knowledge	8	6.8
Bus quality and ride	7.6	6.7
On-board personal security	7.6	6.8
Service reliability	7.5	5.8
Passenger information & timetables	7.5	6.3
Service frequency	7.1	5.6
Bus cleanliness	7	6.8
Bus stop facilities	6.3	5.9
Overall rating	7.9	6.8
No. of respondents	2556	1764

The overall rating of Sydney and Newcastle bus services is consistent with the results of the market research completed during 2000 with State Transit customers. That is, State Transit customers are generally satisfied with all aspects of their service with Sydney Buses scoring an overall rating of 7.0. As part of the study Sydney Ferries' passengers were asked to rate identified attributes of the main classes of vessel and a selection of wharves serviced by State Transit. Sydney Ferries' passengers indicated they were satisfied with the vessels, with a rate of 8.2 for the Manly Ferries and 8.7 for the RiverCats. The overall rating for the wharves was 7.9. However as the ownership of most of the wharves serviced by Sydney Ferries is with various agencies, some of the attributes surveyed lie outside State Transit's control.

## **6. SERVICE ENHANCEMENT**

### **6.1 'Better Buses' Program**

The 'Better Buses' program is premised on studying community's needs and developing an innovative and effective network that meets the needs of the majority of people.

The Better Buses program involves a team with skills from all areas of State Transit. Team members include representatives with expertise in business development, scheduling, marketing, depot management, passenger information as well as employee representatives.

'Better Buses' proposals are based on regional research and analysis of internal and external data including transport data, demographic data, ticket data, market research, local and regional land use planning strategies and service performance data.

Community and stakeholder consultation is a key element of the Better Buses strategy. It is critical to achieve a balance between the multiple, and often competing, objectives within the community of a range of interested parties and customers.

The community consultation commences with delivery of a Better Buses brochure detailing the proposed changes by suburb together with a regional map. A 'Have Your Say' survey form encourages readers to respond to the proposal. Comments are received by mail, fax, phone, email and via State Transit's website. A Better Buses hotline is then established to receive calls and record feedback and comments.

After reviewing each submission, individual comments and suggestions are fed back into the final service structure. Considerable care is taken to ensure that the final structure reflects the needs and wishes of the greatest number of passengers and residents.

Following the success of the 'Better Buses' program in Sydney Buses' North West region, the program was extended to review all State Transit's Sydney and Newcastle operating regions over the next three years. A summary of actual and proposed initiatives is provided below.

#### ***North West***

New services were introduced in March and June 2001 following community consultation in the second half of 2000. The major improvements in service were:

- the provision of services from Sydney CBD to Parramatta CBD via Victoria Road

- the provision of new direct City services from Riverview, Woolwich, Putney, Tennyson, Eastwood, Denistone, Ermington and Rydalmere
- the provision of improved cross regions services from Rozelle, Drummoyne, Gladesville, Ryde and Dundas to Parramatta, University of Western Sydney, Macquarie Park and Macquarie University

These initiatives were estimated to generate an increase in annual farebox revenue of \$1.5 million. The costs of service provision were estimated to remain constant. As at February 2002, the forecast growth in farebox revenue was consistent with expectations.

### **Newcastle**

Community consultation for Newcastle Bus Plan was completed on 27 July 2001. Over 2,500 responses were received. A follow up survey of respondents provided more detailed information on individual travel patterns of customers. The information received during the consultation phase and from survey feedback was used to refine the route network. The final route network will provide residents of Newcastle and Lake Macquarie with enhanced access to a range of destinations.

The introduction of new services on 3 March 2002 is the first major change to services for over 10 years. The demand for new network guides, which include a new regional map, and new timetables were high. Implementation of new services were accompanied by a marketing plan to ensure that customers are aware of the changes to routes and route numbers. The demand for information was met through the Transport Infoline, the Hamilton Customer Service Centre, Charlestown Information Desk, local ticket agents and the website.

Benefits of the new network include:

- same route network day and night
- increased night time services in some areas in Newcastle which previously did not have night services
- more full time services throughout Newcastle and Lake Macquarie
- replacement of the limited peak hour services to the University of Newcastle with more full time services
- maintaining the strong corridors to Swansea, Wallsend and Maitland Road



Revisions in response to community feedback included:

- more direct services to centres including Wallsend, Charlestown, Garden City and Newcastle
- reinstating local services in response to requests for access to local and regional centres

The financial position of Newcastle Buses, associated with increases in farebox revenue and reductions in the costs of service provision, is expected to improve as a result of the implementation of these initiatives.

### ***Eastern Suburbs***

Community consultation for the Eastern Suburbs Better Buses review was completed on 31 October 2002. Over 3,500 responses were received in response to the proposal which was distributed as a brochure in the Wentworth Courier and Southern Courier.

Implementation of new services is anticipated to commence in 2002. New accessible services will be implemented subsequently with the commissioning of a new gas refuelling facility at Waverley depot and delivery of new accessible gas buses.

### ***Further Regional Reviews***

A range of further regional reviews are in the final stages of preparation.

## **6.2 131500 Transport Information Service**

In an endeavour to ascertain the concerns of its customers, State Transit encourages its passengers to register their feedback at the Your Say Line which is a component of the Transport Infoline 131500. This service is outsourced and provides all of the main information on bus, ferry and rail services. Each weekday an average of 65 passengers (out of a total daily patronage of 650,000 trips on State Transit services) phone to make comments.

The Your Say Line not only receives complaints, compliments and suggestions, but it also has been used in conducting community consultation in support of the Better Buses program. Customer feedback has been instrumental in improving State Transit's response to customer's concerns and implementing service changes to meet the changing needs of passengers.

The principal topics of customer's feedback registered by the Your Say Line are service quality issues such as punctuality, reliability and service levels followed by the customer care provided by staff.

### **Customer Complaint Handling Procedure**

On calling the Your Say Line, customers speak to a customer service officer who registers the customer's concerns, attempts to resolve as many as possible and enters the details into State Transit's customer database, an organisation wide passenger complaints database which is used to log, manage and report on passenger feedback received from any source. At the conclusion of the call the case details are then available to the staff at each of the business units (bus depots, Sydney ferry operations, corporate). Customer concerns are followed up by way of return call to the customer and corrective action if appropriate. Regular feedback reports are produced to keep senior management and the Chief Executive abreast of customer concerns and the organisation's response to the issues raised.

### **Cost of Infoline Service**

As an indication of scale, the following table shows the annual cost to State Transit of all aspects of the Infoline service over the past 6 years.

<b>Year</b>	<b>\$ million</b>
<b>96/97</b>	<b>1.5</b>
<b>97/98</b>	<b>2</b>
<b>98/99</b>	<b>2.1</b>
<b>99/00</b>	<b>3.1</b>
<b>37283</b>	<b>4.7</b>
<b>01/02 (Forecast)</b>	<b>3.6</b>

In 2000/01 the cost of the service was unusually high because of the Olympics.

It can be seen that the cost of the whole service to State Transit has been increasing on a progressive basis, especially since 1999/2000 when the system was upgraded to provide a more fully integrated service with trip planning facilities. The continuing increase reflects the ever increasing quality of the service which builds customer expectations and their use of the facility.

As with all other service quality improvements, each significant enhancement costs money, and without appropriate funding either direct from the farebox through fares, or funded by Government, these improvements would not be possible as they can only be achieved by commitment to significant expense.

### 6.3 Bus Priority Network

With the goal of improving the productivity of the road system, the RTA has developed a substantial bus priority network throughout Sydney incorporating 49 kilometres of dedicated Bus Lane, 109 kilometres of Transit Lanes (T2 & T3) and over 60 “B” priority traffic signals where buses can “jump” traffic queues. This infrastructure is supported by an enforcement regime for motorists caught illegally using a Bus Lane. State Transit has a Traffic Management Section that spends approximately 35% of staff hours solely on bus priority measures and their enforcement.

Dedicated Bus and Transit Lanes have the ability to contribute significant efficiency gains to the road network as well as travel time savings for public transport users. For example, the Sydney Harbour Bridge Bus Lane carries approximately 13,500 persons/hour during the morning peak hour. This one lane carries approximately 34% more people in the morning peak hour than all other southbound traffic lanes combined.

### 6.4 Fleet Development Strategies

#### *Sydney Buses*

State Transit will continue to purchase new heavy duty urban buses as required, which feature low floors, with airconditioning and extra railing and hand grips to add to customer accessibility and comfort.

The following table shows the proportion of the fleet that features the most recent improvements:

**Features of the Bus Fleet**

	Sydney Buses		Newcastle Buses	
	Number	% of Fleet	Number	% of Fleet
CCTV Cameras	1,733	100.0%	18	100.0%
Air-conditioned	704	40.6%	18	10.2%
Low floor	533	30.7%	18	10.2%
Low floor with wheel chair access	440	25.4%	-	-
Kneeling	701	40.4%	18	10.2%
Compressed Natural Gas	339	19.6%	-	-

#### *Sydney Ferries*

Following the efficiency review of Sydney Ferries mentioned above a revised fleet development strategy is under consideration.

## 7. REVENUE PROTECTION

## **7.1 Strategy for Buses**

The primary strategy to combat fare evasion is the use of an Automatic Fare Collection (AFC) system on buses which, combined with the fact that each passenger must pass by the driver whilst boarding the bus, means it is difficult to board without paying a fare. Fare evasion is therefore restricted to deliberate and accidental overriding and concession fare abuse. The primary strategy is to undertake high profile ticket inspection and public awareness campaigns. These campaigns are conducted by Revenue Protection Officers inspecting tickets and distributing leaflets to alert travellers to the correct fare payable and the likelihood of their ticket being inspected.

## **7.2 Strategy for Ferries**

The primary fare evasion strategy for Sydney Ferries involves a gated ticketing system at Circular Quay and Manly which prevents travel without a ticket between these locations. Fare evasion at these points is restricted to concession fare abuse which is combatted by ticket inspectors monitoring passengers and intercepting those travelling unlawfully on concession fares.

Passengers travelling between un-gated wharves may purchase tickets from on board ticket sellers carrying portable ticket issuing machines. The possibility of travelling between these wharves without a correct ticket is discouraged by regular inspection campaigns alerting potential fare evaders to the probability of being detected.

To further discourage fare evasion between un-gated wharves the installation of ticket issuing machines on board all services except those running between Circular Quay and Manly is being evaluated.

These machines would provide the facility for passengers to purchase a ticket and/or validate their pre-purchased multi-ride tickets. The availability of these devices would place the onus on passengers who travel between un-gated wharves to purchase a ticket or validate their pre-purchased ticket on conveniently located ticket validation machines.

## **7.3 Resource Management**

The planning of revenue protection activities is centrally managed to provide greater use of resources. Central management of the rosters allows better coordination of revenue protection activities, Customer Services Coordinators (CSCs) from every depot are formed into large teams to operate in high visibility inspection campaigns along high density transport corridors. The high visibility campaigns are designed to alert fare evaders to the likelihood of having their ticket inspected. Greater emphasis is now placed on maximising the Revenue Protection portion of CSC duties as opposed to driving.

CSCs are regularly deployed at major boarding points in the CBD and on major routes leading from the CBD to distribute fare evasion leaflets and assist boarding passengers to determine the correct fare.

A group of full time Revenue Protection officers is being formed as part of the current Enterprise Agreement negotiations. This group is to be centrally managed and used to cover the full network, including ferries to deliver the message to the public about fare evasion and to intercept those travelling unlawfully. Their activities will be coordinated with those of the part time CSCs to maximise effectiveness.

#### **7.4 Information Management**

Enhancements to the information systems have been completed to allow greater use of the data collected by the Executive Information System (EIS) and AFC equipment. This information linked to intelligence gathered by the revenue protection officers and bus operators facilitates better planning of revenue protection activity. Data gathered from these sources are used to:

- determine where fare evasion is most prevalent
- identify inspection and travel activity by route and section to assist deployment planning
- measure the performance of the revenue protection officers

#### **7.5 Lost/stolen ticket Hotlist**

The AFC system allows tickets reported lost or stolen to be “hotlisted” to prevent further use and where possible to intercept the unlawful user. Management of the hotlist facility has been enhanced to maximise the effectiveness of this feature.

## **8. CUSTOMER PROFILE**

State Transit reviews and monitors its customers and their requirements through ongoing reviews and surveys. This section provides an overview of research completed over the past year.

### **8.1 On-Board Customer Surveys**

To assist the service review process in the eastern suburbs and northern peninsula, a series of on-board bus and bus stop surveys of customers were undertaken. Since February 2001, over 5,000 passengers have been surveyed on 10 route groups including Routes 132/133, 142, 146, 155/156, 263, 302, 311, 357, 380-382 and 492/499.

While the surveys do not include specific customer satisfaction questions, information is gathered on origin, destination, access mode, frequency of use and length of time using the service, which assists planning of services to better meet customers' needs. All surveys invite passengers to write any comments for improving the service on the survey form. Comments are considered in development of service changes.

### **8.2 CBD Destination Survey**

To assist planning for the *Northern Bus Plan* survey review proposal, over 3,600 people were surveyed at 10 bus stops on the northern peninsula in December 2001. The aim of the survey was to determine the destination of passengers within the CBD, and the role of the CBD as a transfer point, and to provide data for State Transit's CBD strategy.

### **8.3 Off-Peak Travel**

A study on non-work, non-education travel patterns was commissioned from the Transport Data Centre at Transport NSW to gain a greater understanding of off-peak travel.

### **8.4 Population and Land Use Forecasts**

State Transit has purchased population and land use forecasts for each of the local government areas in our operating area to assist long-term planning. The data includes estimates of total population, school aged children, employees and workforce by local government area for 2001, 2006, 2011 and 2016.

### **8.5 Household Travel Survey**

State Transit regularly purchases data from the Household Travel Survey conducted by the Transport Data Centre at Transport NSW to improve service planning. The data is updated each year, with the level of spatial data becoming more detailed each year.

### **8.6 Ad Hoc Research**

In November 2001, a survey was conducted in relation to Manly Ferry/JetCat passengers. There were 1071 respondents.

The aim of this survey was to gain information that was used in the redesign of services to align with customer expectations.

## **8.7 New Research - Customer Satisfaction**

New customer satisfaction surveys will commence in July 2002. These surveys will be ongoing and measure State Transit's ability to meet customer's requirements, particularly in relation to off peak travel.

## **9. FARES PROPOSAL FOR 2002/03**

For 2002/03, State Transit proposes to increase fares by a weighted average of 1.91%. The weighted average fare increase proposed for each of State Transit's business segments are as follows:

Sydney Buses	1.93%
Sydney Ferries	2.00%
Newcastle Services	0.46%
Total State Transit	1.91%

A smaller increase in Newcastle fares reflects a reluctance to increase the fares of the One Hour time tickets. A rise of ten cents in the price of the adult One Hour ticket represents an increase of 4%. Because of State Transit's policy of rounding fares to the nearest ten cents, the increase for the One Hour concession ticket would have been 8%. These increases are well over the average increase for the rest of State Transit. As the One Hour time tickets are used by more than 80% of fare paying passengers in Newcastle (excluding Pensioners), it was considered that increases of such magnitude would place an unfair burden on the majority of travellers in Newcastle where, unlike Sydney, fares are time based and there are fewer travel options.

### **9.1 Brown TravelPass**

State Transit notes that State Rail proposes to discontinue the Brown TravelPass and extend its boundaries to match the Purple TravelPass. The cost of the Purple TravelPass will be decreased. Those who currently purchase a Brown TravelPass will have increased entitlements on both Rail and Bus networks for a modest fare increase. State Transit supports this initiative.

### **9.2 Proposed 2002/03 Fare Scale**

State Transit's proposed fare scale for 2002/03 is shown overleaf.



# State Transit Proposed Fares Schedule 2002/03

TICKET TYPE	CLASS	2001/02 Master Fare Schedule	2001/02 Ticket Price	2002/03 Master Fare Schedule	Proposed 2002/03 Ticket Price	Proposed Increase per Ticket
<b>SYDNEY BUS SERVICES</b>						
<b>SINGLE RIDE</b>						
SINGLE 1-2	ADULT	\$1.50	\$1.50	\$1.53	\$1.50	0.00%
SINGLE 3-5	ADULT	\$2.64	\$2.60	\$2.69	\$2.60	0.00%
SINGLE 6-9	ADULT	\$3.33	\$3.30	\$3.40	\$3.40	3.03%
SINGLE 10-15	ADULT	\$3.91	\$3.80	\$3.99	\$3.90	2.63%
SINGLE 16+	ADULT	\$4.60	\$4.60	\$4.69	\$4.70	2.17%
SINGLE 1-2	CONC	\$0.75	\$0.70	\$0.77	\$0.70	0.00%
SINGLE 3-5	CONC	\$1.32	\$1.30	\$1.35	\$1.30	0.00%
SINGLE 6-9	CONC	\$1.67	\$1.60	\$1.70	\$1.60	0.00%
SINGLE 10-15	CONC	\$1.96	\$1.90	\$2.00	\$1.90	0.00%
SINGLE 16+	CONC	\$2.30	\$2.30	\$2.35	\$2.30	0.00%
<b>TRAVELTENS</b>						
T/TEN 1-2	ADULT	\$10.92	\$11.00	\$11.14	\$11.30	2.73%
T/TEN 3-5	ADULT	\$18.39	\$18.40	\$18.76	\$18.90	2.72%
T/TEN 6-9	ADULT	\$22.99	\$23.00	\$23.45	\$23.50	2.17%
T/TEN 10-15	ADULT	\$31.04	\$31.00	\$31.66	\$31.70	2.26%
T/TEN 16+	ADULT	\$39.09	\$39.00	\$39.87	\$39.80	2.05%
T/TEN 1-2	CONC	\$5.46	\$5.50	\$5.57	\$5.60	1.82%
T/TEN 3-5	CONC	\$9.20	\$9.20	\$9.38	\$9.40	2.17%
T/TEN 5-9	CONC	\$11.50	\$11.50	\$11.73	\$11.70	1.74%
T/TEN 10-15	CONC	\$15.52	\$15.50	\$15.83	\$15.80	1.94%
T/TEN 16+	CONC	\$19.55	\$19.50	\$19.94	\$19.90	2.05%
<b>TRAVELPASS R/B/F</b>						
T/PASS RED	ADULT	\$29.68	\$29.00	\$30.27	\$30.00	3.45%
T/PASS GREEN	ADULT	\$37.68	\$37.00	\$38.43	\$38.00	2.70%
T/PASS YELLOW	ADULT	\$41.02	\$41.00	\$41.84	\$42.00	2.44%
T/PASS PINK	ADULT	\$44.42	\$44.00	\$45.31	\$45.00	2.27%
T/PASS PURPLE	ADULT	\$58.08	\$58.00	\$52.00	\$52.00	-10.34%
T/PASS RED	CONC	\$14.84	\$14.50	\$15.14	\$15.00	3.45%
T/PASS GREEN	CONC	\$18.84	\$18.50	\$19.22	\$19.00	2.70%
T/PASS YELLOW	CONC	\$20.51	\$20.50	\$20.92	\$21.00	2.44%
T/PASS PINK	CONC	\$22.21	\$22.00	\$22.66	\$22.50	2.27%
T/PASS PURPLE	CONC	\$29.04	\$29.00	\$26.00	\$26.00	-10.34%
<b>TRAVELPASS B/F</b>						
T/PASS BLUE	ADULT	\$26.44	\$26.00	\$26.97	\$27.00	3.85%
T/PASS ORANGE	ADULT	\$33.34	\$33.00	\$34.01	\$34.00	3.03%
T/PASS PITTWATER	ADULT	\$45.99	\$46.00	\$46.91	\$47.00	2.17%
T/PASS 2 ZONE	ADULT	\$26.44	\$26.00	\$26.97	\$27.00	3.85%
T/PASS BLUE	CONC	\$13.22	\$13.00	\$13.49	\$13.50	3.85%
T/PASS ORANGE	CONC	\$16.67	\$16.50	\$17.01	\$17.00	3.03%
T/PASS PITTWATER	CONC	\$23.00	\$23.00	\$23.46	\$23.50	2.17%
T/PASS 2 ZONE	CONC	\$13.22	\$13.00	\$13.49	\$13.50	3.85%

# State Transit Proposed Fares Schedule 2002/03

TICKET TYPE	CLASS	2001/02 Master Fare Schedule	2001/02 Ticket Price	2002/03 Master Fare Schedule	Proposed 2002/03 Ticket Price	Proposed Increase per Ticket
<b>SYDNEY FERRY SERVICES</b>						
<b>SINGLE RIDE</b>						
SINGLE INNER ZONE1	ADULT	\$4.22	\$4.20	\$4.30	\$4.30	2.38%
SINGLE INNER ZONE2	ADULT	\$4.45	\$4.40	\$4.54	\$4.50	2.27%
SINGLE MANLY FERRY	ADULT	\$5.25	\$5.30	\$5.36	\$5.40	1.89%
SINGLE PARRAMATTA	ADULT	\$6.38	\$6.30	\$6.51	\$6.40	1.59%
SINGLE RYDALMERE	ADULT	\$5.25	\$5.30	\$5.36	\$5.40	1.89%
SINGLE INNER ZONE1	CONC	\$2.11	\$2.10	\$2.15	\$2.10	0.00%
SINGLE INNER ZONE2	CONC	\$2.23	\$2.20	\$2.27	\$2.20	0.00%
SINGLE MANLY FERRY	CONC	\$2.63	\$2.60	\$2.68	\$2.70	3.85%
SINGLE PARRAMATTA	CONC	\$3.19	\$3.10	\$3.26	\$3.20	3.23%
SINGLE RYDALMERE	CONC	\$2.63	\$2.60	\$2.68	\$2.70	3.85%
SINGLE MANLY JETCAT	ADULT	\$6.62	\$6.60	\$6.75	\$6.70	1.52%
<b>FERRYTEN</b>						
INNER ZONE 1	ADULT	\$26.23	\$26.30	\$26.75	\$26.50	0.76%
INNER ZONE 2	ADULT	\$28.80	\$28.80	\$29.38	\$29.10	1.04%
MANLY FERRY	ADULT	\$38.77	\$38.80	\$39.55	\$39.30	1.29%
PARRAMATTA	ADULT	\$44.47	\$44.60	\$45.36	\$45.10	1.12%
RYDALMERE	ADULT	\$38.77	\$38.80	\$39.55	\$39.30	1.29%
INNER ZONE 1	CONC	\$13.12	\$13.10	\$13.38	\$13.20	0.76%
INNER ZONE 2	CONC	\$14.26	\$14.40	\$14.69	\$14.50	0.69%
MANLY FERRY	CONC	\$19.39	\$19.40	\$19.78	\$19.60	1.03%
PARRAMATTA	CONC	\$22.24	\$22.30	\$22.68	\$22.50	0.90%
RYDALMERE	CONC	\$19.39	\$19.40	\$19.78	\$19.60	1.03%
MANLY JETCAT	ADULT	\$54.74	\$54.70	\$55.83	\$55.80	2.01%
<b>TRAVELPASS R/B/F</b>						
T/PASS RED	ADULT	\$29.68	\$29.00	\$30.27	\$30.00	3.45%
T/PASS GREEN	ADULT	\$37.68	\$37.00	\$38.43	\$38.00	2.70%
T/PASS YELLOW	ADULT	\$41.02	\$41.00	\$41.84	\$42.00	2.44%
T/PASS PINK	ADULT	\$44.42	\$44.00	\$45.31	\$45.00	2.27%
T/PASS PURPLE	ADULT	\$58.08	\$58.00	\$52.00	\$52.00	-10.34%
T/PASS RED	CONC	\$14.84	\$14.50	\$15.14	\$15.00	3.45%
T/PASS GREEN	CONC	\$18.84	\$18.50	\$19.22	\$19.00	2.70%
T/PASS YELLOW	CONC	\$20.51	\$20.50	\$20.92	\$21.00	2.44%
T/PASS PINK	CONC	\$22.21	\$22.00	\$22.66	\$22.50	2.27%
T/PASS PURPLE	CONC	\$29.04	\$29.00	\$26.00	\$26.00	-10.34%
<b>TRAVELPASS B/F</b>						
T/PASS BLUE	ADULT	\$26.44	\$26.00	\$26.97	\$27.00	3.85%
T/PASS ORANGE	ADULT	\$33.34	\$33.00	\$34.01	\$34.00	3.03%
T/PASS PITTWATER	ADULT	\$45.99	\$46.00	\$46.91	\$47.00	2.17%
T/PASS BLUE	CONC	\$13.22	\$13.00	\$13.49	\$13.50	3.85%
T/PASS ORANGE	CONC	\$16.67	\$16.50	\$17.01	\$17.00	3.03%
T/PASS PITTWATER	CONC	\$23.00	\$23.00	\$23.46	\$23.50	2.17%

		<b>2001/02 Master</b>	<b>2001/02</b>	<b>2002/03 Master</b>	<b>Proposed 2002/03</b>	<b>Proposed Increase</b>
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# State Transit Proposed Fares Schedule 2002/03

TICKET TYPE	CLASS	Fare Schedule	Ticket Price	Fare Schedule	Ticket Price	per Ticket
<b>NEWCASTLE BUS &amp; FERRY SERVICES</b>						
<b>SINGLE RIDE</b>						
1 HOUR	ADULT	\$2.53	\$2.50	\$2.58	\$2.50	0.00%
4 HOURS	ADULT	\$4.82	\$4.80	\$4.92	\$4.90	2.08%
DAILY	ADULT	\$7.35	\$7.40	\$7.50	\$7.60	2.70%
1 HOUR	CONC	\$1.27	\$1.20	\$1.29	\$1.20	0.00%
4 HOURS	CONC	\$2.41	\$2.40	\$2.46	\$2.50	4.17%
DAILY	CONC	\$3.68	\$3.70	\$3.75	\$3.80	2.70%
<b>TIMETENS</b>						
1 HOUR	ADULT	\$20.66	\$20.60	\$21.07	\$21.00	1.94%
1 HOUR	CONC	\$10.33	\$10.30	\$10.54	\$10.50	1.94%
<b>TRAVELPASS</b>						
T/PASS YELLOW	ADULT	\$41.02	\$41.00	\$41.84	\$42.00	2.44%
T/PASS PINK	ADULT	\$44.42	\$44.00	\$45.31	\$45.00	2.27%
T/PASS ORANGE	ADULT	\$33.34	\$33.00	\$34.01	\$34.00	3.03%
T/PASS YELLOW	CONC	\$20.51	\$20.50	\$20.92	\$21.00	2.44%
T/PASS PINK	CONC	\$22.21	\$22.00	\$22.66	\$22.50	2.27%
T/PASS ORANGE	CONC	\$16.67	\$16.50	\$17.01	\$17.00	3.03%
<b>STOCKTON FERRY</b>						
<b>SINGLE RIDE</b>						
SINGLE	ADULT	\$1.83	\$1.80	\$1.87	\$1.80	0.00%
DAILY	ADULT	\$7.35	\$7.40	\$7.50	\$7.60	2.70%
SINGLE	CONC	\$0.92	\$0.90	\$0.94	\$0.90	0.00%
DAILY	CONC	\$3.68	\$3.70	\$3.75	\$3.80	2.70%
<b>OTHER TICKETS</b>						
BUSTRIPPER	ADULT	\$9.55	\$9.50	\$9.74	\$9.70	2.11%
BUSTRIPPER	CHILD	\$4.78	\$4.70	\$4.87	\$4.80	2.13%
DAYTRIPPER	ADULT	\$13.78	\$13.00	\$14.06	\$13.40	3.08%
DAYTRIPPER	CHILD	\$6.89	\$6.50	\$7.03	\$6.70	3.08%
SPORTS RETURN SPECIAL	ADULT	\$4.37	\$4.30	\$4.46	\$4.40	2.33%
SPORTS RETURN SPECIAL	CHILD	\$2.19	\$2.10	\$2.23	\$2.20	4.76%
SCHOOL TERM PASS	CHILD	\$37.94	\$37.00	\$38.70	\$38.00	2.70%

# **CORPORATE PLAN 2001/2002**

## STATE TRANSIT MISSION

**At State Transit we look forward to a sustainable urban environment supported by an attractive, efficient public transport system.**

## THE STATE TRANSIT COMMITMENT

To effectively meet our mission and objectives we apply our agreed values

### **Service**

Quality service to travellers is our primary goal

### **Open and honest**

We are open and honest in all our dealings.

### **Respect**

Our staff show respect and courtesy to the community and to each other.

### **Teamwork**

We work together to achieve our goals.

### **Clear outcomes**

We make sure that everyone knows what we're aiming for.

### **Management by fact**

We base our decisions on facts not opinions.

### **Ethics**

We always do what's right.

## STATE TRANSIT - FAQs

State Transit operates bus and ferry services in Sydney and Newcastle. State Transit operates 3 businesses: Sydney Buses, Sydney Ferries and Newcastle Bus and Ferry Services.

### Bus Fleet

- 1911 buses in Sydney and Newcastle. In this fleet State Transit has
  - 445 low floor buses, 23.3% of the fleet
  - 342 fully wheelchair accessible buses, 17.9% of the fleet
  - 625 air-conditioned buses, 32.7% of the fleet
  - 254 CNG powered buses, 13.3% of the fleet

### Ferry Fleet

- 32 ferries in Sydney run services to 41 wharves in Sydney Harbour and 2 ferries operate on Newcastle Harbour between Newcastle and Stockton.

### Patronage

- State Transit carries 220 million passengers every year.
- Every working day State Transit carries 600,000 passengers to their destinations.

### Turnover

- \$460M in 2000/2001.

### Employees

- Over 4,600 employees.

### Routes

- Sydney Buses travel 6 million kilometres every month, Sydney Ferries travel 100,000 kilometres and Newcastle Services travel 788,000 kilometres.
- More than 100,000 route services are operated every week, 90,000 services by Sydney Buses, 2,000 services by Sydney Ferries and 8,000 services by Newcastle Services.

### Safety

- All buses are fitted with CCTV.
- All ferry wharves serviced by Sydney ferries are fitted with CCTV and 2 way help points.

### Passenger Information

- Individual timetables for every bus and ferry service are available from the State Transit information kiosks at central points in the City, selected ticket agencies or off the web at [www.131500.com.au](http://www.131500.com.au) or by phoning the Transport Infoline on 131 500. Handy route information is also available at bus stops and ferry wharves.
- Check out our website [www.sta.nsw.gov.au](http://www.sta.nsw.gov.au) which is linked to [www.sydneybuses.nsw.gov.au](http://www.sydneybuses.nsw.gov.au)

## BETTER BUSES - BETTER FERRIES

### SERVICE OBJECTIVES 2001/2002

Our business is about taking people where they want to go. Our experience and our passengers tells us that people will use public transport if it is:

- . reliable
- . convenient
- . efficient
- . courteous
- . comfortable
- . safe

These six requirements form our corporate objectives in delivering the service that people want.

We offer services that are easy to get to and easy to board, that run to time, that are mechanically reliable, that give the same standard of accommodation as people expect from other modes and that are affordable.

Based on what our passengers say, the standards we have set for service performance are:

#### **Reliability**

*Traffic conditions in Sydney are a major challenge to reliability. State Transit aims to maintain and improve the reliability of its services in traffic.*

- We set our timetables so that we run to time in normal traffic conditions.
- We aim to never leave the depot late.
- We aim never to start a trip early.
- We will work with the Roads and Traffic Authority on expanding the bus priority measures in our operating area to support the reliability of bus movements in heavy or unpredictable traffic conditions.
- We are refining our maintenance programs and practices so that there will be no mechanical failures that can be prevented by regular maintenance.

#### **Convenience**

*We need to run our services when our passengers want to travel and we need to take them where they live, work and play.*

- Better Buses reviews of routes in Sydney and Newcastle will ensure services are designed to meet the changing needs of the majority of passengers.
- We connect with all major urban centres in our operating area.
- Our services connect with trains, ferries and buses to ensure a workable transport network in Sydney and Newcastle.
- We will continue to build capacity in the bus fleet to meet increases in demand.
- Our fares are logical, affordable and tickets are easy to get.

- Our buses and ferries are easy to board for everyone - 40% of bus routes with timetabled accessible routes by June 2002.
- We are aiming to revolutionise customer convenience and service through smart-card or cashless ticketing for buses and ferries. Smartcard technology will allow customers to dispense with cash and use an electronic purse.
- We aim to fill off-peak seats through innovative service design and ticketing packages and tapping latent demand for off-peak services such as recreational and leisure markets

## **Efficiency**

*State Transit works to keep fares down and cost recovery up by ensuring that it operates as efficiently as possible.*

- We aim to keep our costs within the limits set by the Independent Pricing and Regulatory Tribunal. We implement efficiency reforms providing they have the support of Government.
- We aim to operate within the revenues that we get from fares paid by passengers and those fares paid for some by the NSW Government.
- Our fleet and staffing is the optimum level for the services provided.
- We always aim to buy our fleet, our fuel and our other consumables at the best prices; when better value is available, we take advantage of it. We aim to keep our costs within the limits set by the Independent Pricing and Regulatory Tribunal.
- Our IT systems have 100% integrity including fully tested disaster recovery plans.
- Our Risk Control plans ensure that all emergency responses are regularly tested to ensure the safety of our passengers and staff.
- We aim to achieve ISO 9002 certification.
- We aim to continue to improve workplace safety and to reduce time lost due to injury in the workplace.
- We aim to have a healthy workforce and to reduce time lost due to sick leave.
- We will develop a new partnership alliance, 'One Winning Team', with the unions in State Transit's workforce.

## **Courtesy/Customer Service**

*Passengers rightly expect service with a smile on State Transit buses and ferries. State Transit bus operators and ferry crews are trained in customer service but there is always room for improvement we are developing new standards and techniques for customer service training.*

- We always try to meet passengers' needs willingly and courteously.
- We offer help to those who don't understand the transport system or who need physical assistance.
- We are always willing to explain our decisions.
- New customer service training introduced for bus drivers.
- All bus stops in our operating areas carry regularly updated timetable



information.

- Improved criteria for new staff to ensure customer focus.
- Annual customer opinion survey.
- Improve women's participation rate in the workforce
- Increase aboriginal participation in the workforce

## **Comfort**

*The expectations of passengers are clear - they want clean, well presented and comfortable buses.*

- All of our buses and ferries are cleaned daily, and between trips when necessary.
- Our ferries are washed daily and our buses at least every three days.
- We aim to have timetabled accessible services on 60 routes in 2002 and on all routes by 2010.
- All new buses are air-conditioned, accessible for people with disabilities and have quality seating. 40% (763) of the bus fleet will be airconditioned by June 2002 (currently 617 buses or 32%). 25% (477) of fleet wheelchair accessible by June 2002 (currently 334 buses or 17.5%).
- We aim to buy only environmentally friendly buses and ferries in future. 25% of fleet CNG powered by June 2002. 4 SuperCats delivered using half the fuel of the JetCats that they are replacing.
- For comfort and safety we limit the number of people standing on our buses. We go out of our way to avoid the need to stand on our buses.

## **Safety & security**

*Personal security is high on our passengers' priorities. Everyone should feel safe using public transport. Many more people would catch public transport if they felt that their personal security was ensured while waiting for the bus or ferry.*

- To deter misbehaviour on-board all buses are equipped with CCTV and direct radio to base.
- CCTV on all ferry wharves serviced by Sydney Ferries.
- All buses are routinely patrolled by uniformed and plain clothes Police.
- All entry and exit doors are built to avoid passenger entrapment.
- All school buses have flashing warning lights and 40 km/hr speed limit signs.
- All interiors of buses and ferries have non-slip floors and convenient hand grips
- All drivers trained in personal protection.
- All staff trained for appropriate roles in the Emergency Response Plan
- We will continue the significant improvement in workplace safety.

## **RECENT DEVELOPMENTS 2000/2001**

State Transit has continued to improve its bus and ferry fleets while at the same time pursuing real improvements in efficiency. State Transit has made important improvements to public transport services in line with its policy of regularly adjusting services to reflect the changing nature of the city.

Recent developments include:

- The delivery of 150 new Mercedes Benz Ultra Low Floor, wheelchair accessible Compressed Natural Gas (CNG) powered, air conditioned buses at a total project cost of \$60 million to meet growth in demand.
- The refurbishment of the first of the Manly Ferries, the Collaroy.
- The launch of the first 3 of the new highspeed ferries, the SuperCats, Mary MacKillop, Susie O'Neill and Louise Sauvage.
- The Better Buses community consultation program in the North Western sector of Sydney Buses' operations has delivered the integration of services in the Parramatta-Ryde-Epping area following State Transit's \$20 million acquisition of North and Western Buslines and the Parramatta-Ryde Bus Service.
- The success of the Olympic Games transport task was helped by the superhuman efforts of a team of dedicated State Transit transport professionals who knew their business and knew their passengers.
- During the Olympics Sydney Ferries carried more than 80,000 passengers on one day and broke the previous record for patronage set on Federation Day 1901.
- CCTV operational on all ferry wharves for passenger security.
- State Transit continues to lead the world in terms of the quality and presentation of its bus fleet, as well as the operation of dedicated wheelchair accessible bus services, now timetabled on 45 bus routes across Sydney.

## **NEW INITIATIVES 2001/2002**

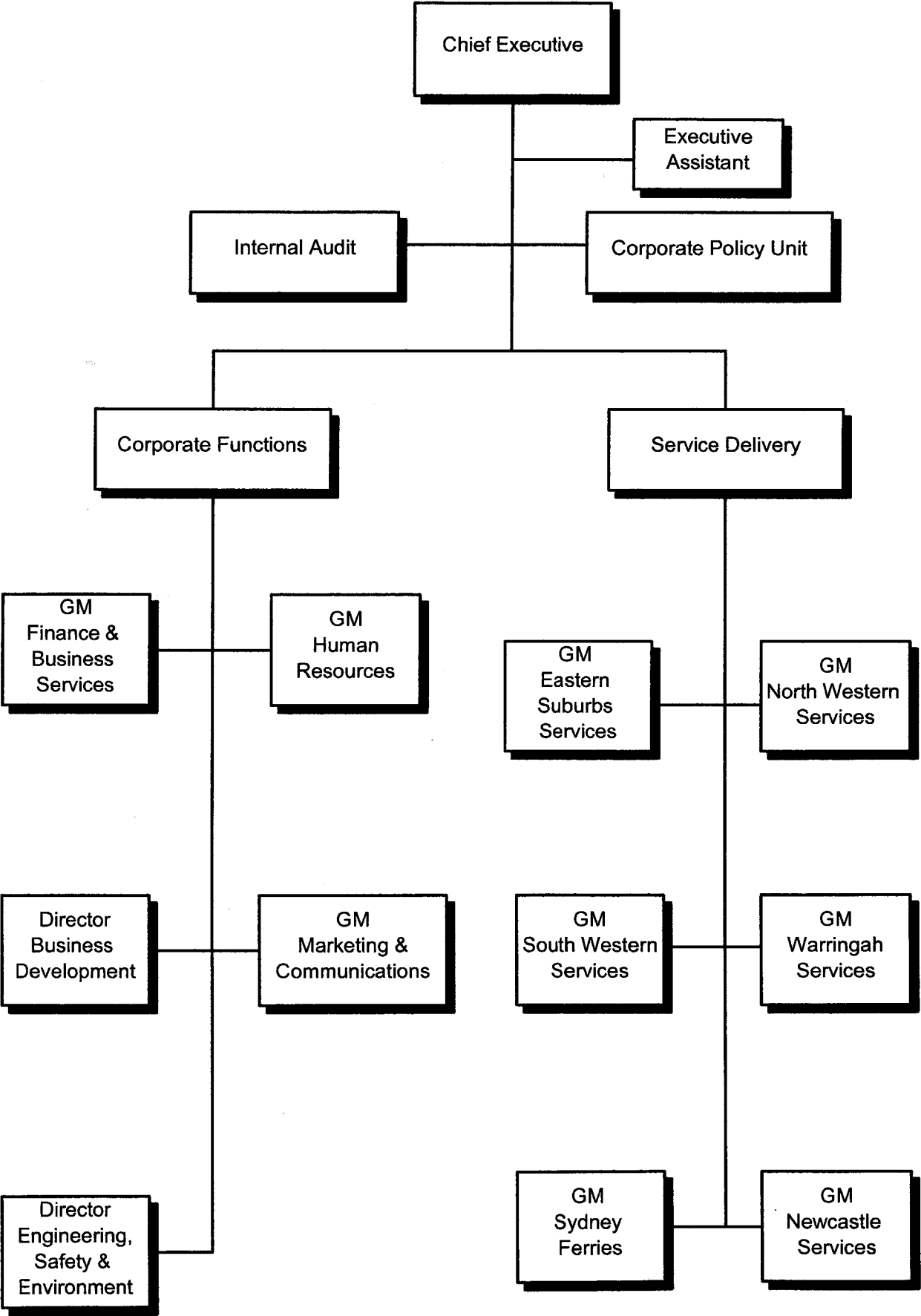
- 150 new Mercedes buses - air-conditioned, fully accessible with stepless interiors, high class seating, good visibility, passenger leg space, low noise levels and all CNG - bringing the total of the new Mercedes buses to 300.
- A total of 4 new Supercat ferries delivered and in service.
- 3 more Manly ferries refurbished after the successful and highly popular refurbishment of the Collaroy.
- Better Bus community consultation program - progressive redesign of bus services across Sydney and Newcastle to ensure the optimum design of services to meet changes in demand and travel patterns. Newcastle in November 2001, Eastern Suburbs in - New route structure in Newcastle and eastern Sydney and Warringah areas.
- Continue the Research and Development program to improve door safety with the first rollout of doors on older buses if the present trials yield a suitable prototype with a rollout across the fleet.
- The expansion of Leichhardt Depot to cater for significant increases in demand for services in the area.
- Cut bus changeovers due to mechanical faults
- More timetabled fully accessible services in all areas
- Regularly updated timetables on all bus stops
- Automatic Ticket Vending Machines to be installed on ferries for Sydney Ferry services
- One Winning Team implemented to build a working alliance in State Transit.
- New Customer Service standards - friendly, well presented staff who always respond in a helpful manner

## **THE BETTER BUSES AND BETTER FERRIES PROGRAM - THE ROUTE TO QUALITY TRANSPORT SERVICE**

- Check passengers' expectations
- Check statutory obligations
- Set service standards
- Communicate standards to staff
- Staff presentation and performance
- Fleet presentation and performance
- Service reliability
- Convenience of routes
- Passenger information
- Safety and security
- Check community feedback

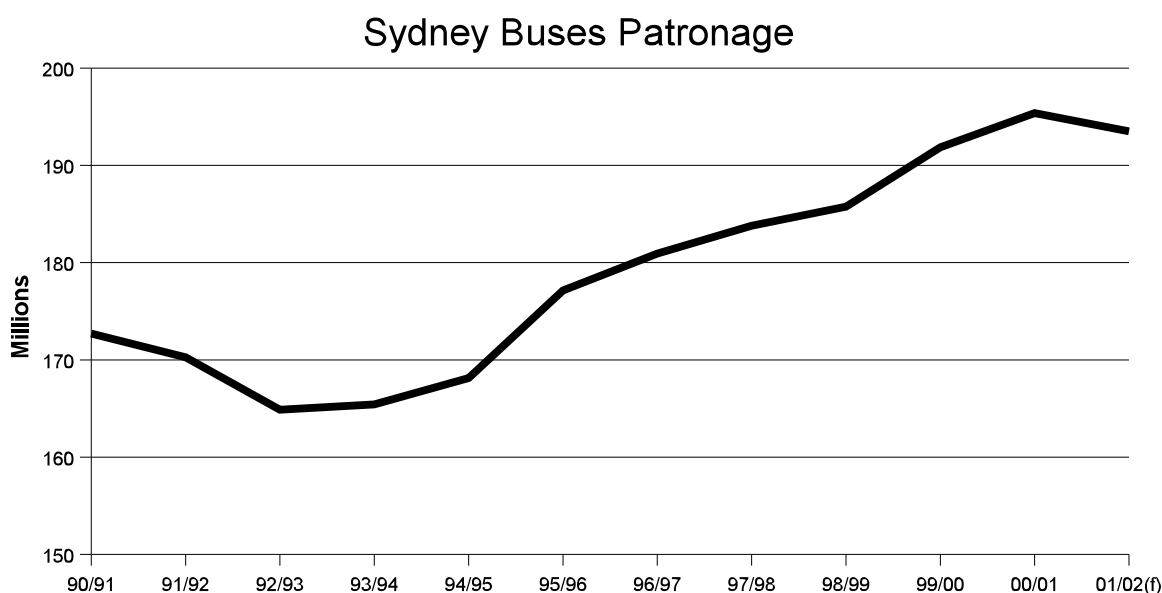
**APPENDIX B**

**STATE TRANSIT ORGANISATIONAL CHART**

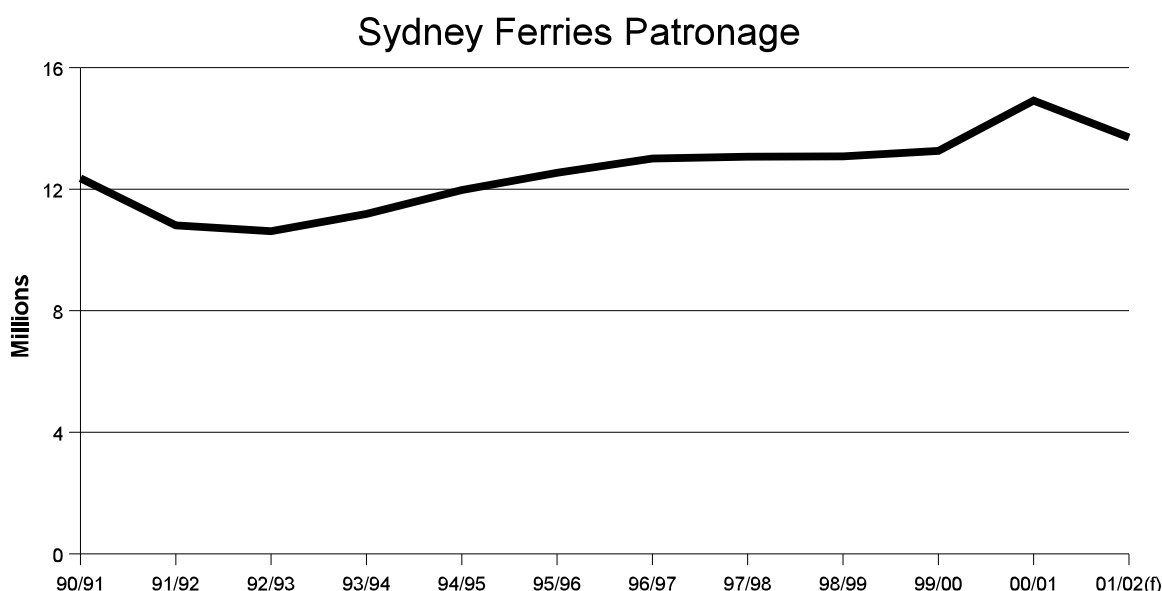


## PATRONAGE TRENDS

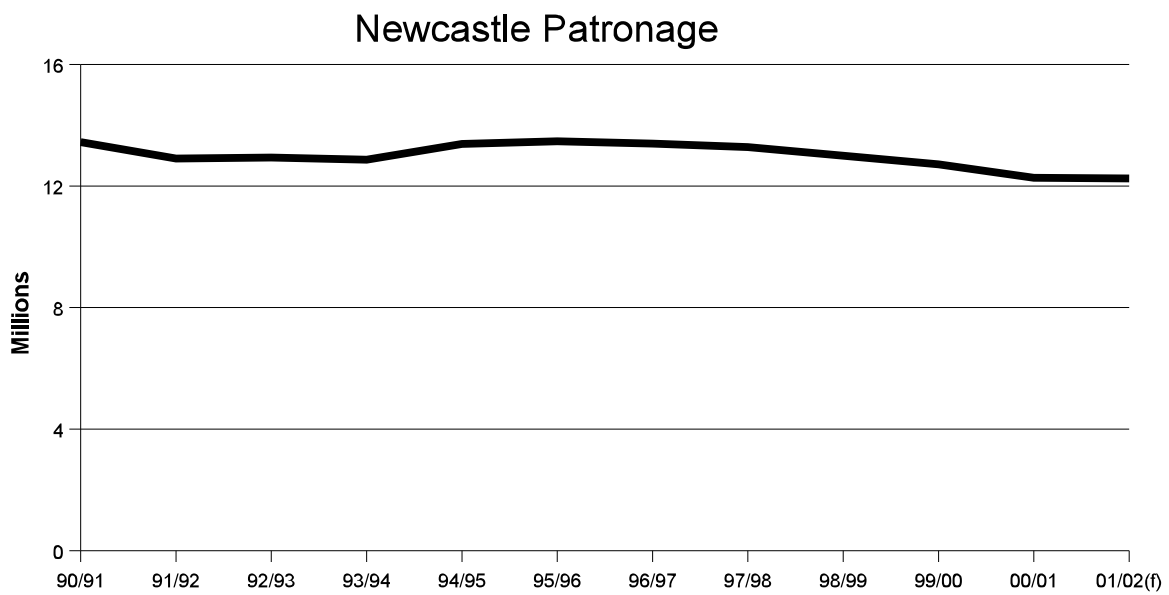
Patronage trends for each of the three business segments for the past 12 years are depicted in the graphs shown below.



Since 1993/94 patronage has increased every year through to 2000/01 which peaked mainly as a result of the Olympic Games. Patronage in 2001/02 has fallen below that of the Olympic year but still remains higher than in 1999/2000.



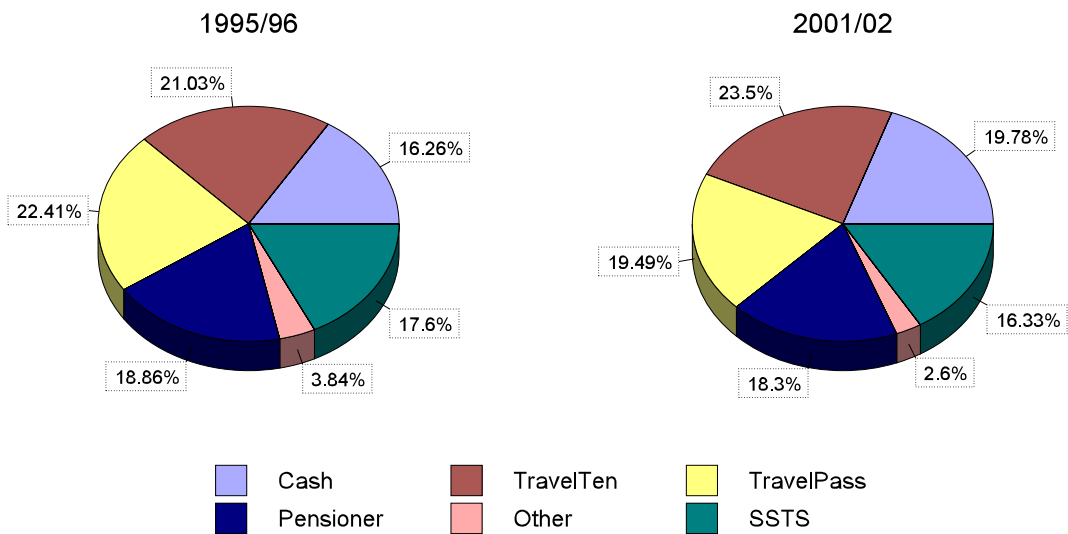
As with bus operations in Sydney there has been a steady increase in patronage over the past decade. The Olympic Games had a much more significant impact on ferry patronage than on any other segment. Patronage in 2001/02 is projected to exceed the most recent "normal" year ie. 1999/2000.



Bus patronage in Newcastle was held steady for most of the 1990's, however, since about 1997/98 it has been in a steady but slow decline. Despite the adoption of a new fare system (time based) and consistent improvements in service quality the urban environment in Newcastle suits the use of the private motor vehicle. The decline in the health of the Newcastle economy has also influenced patronage.

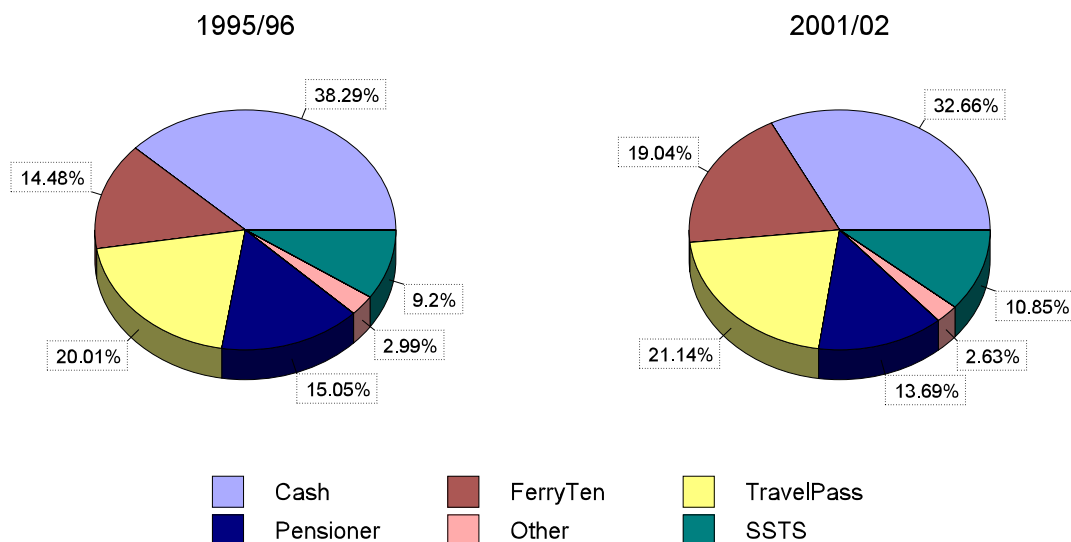


## Sydney Buses Boardings Profile



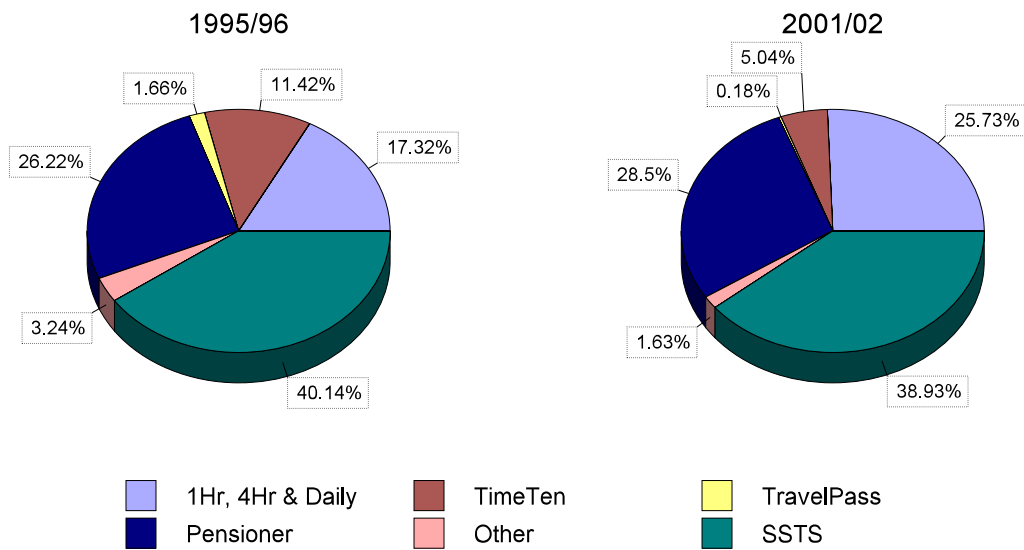
- The share of boardings from core tickets (Cash, TravelTen, TravelPass & Pensioner) has increased from 77.3% in 95/96 to 79.1% in 2001/02. Over the same period, the use of Cash and TravelTen tickets have increased at the expense of TravelPass tickets.
- The share of tickets purchased on-board bus (ie Cash and approx 1/3 of Pensioner) has increased from 22.5% in 1995/96 to 25.9% in 2001/02.

## Sydney Ferries Boardings Profile



- The share of boardings from FerryTen tickets has been steadily increasing in recent years.

## Newcastle Boardings Profile



- School and Pensioner boardings make up over 67% of the total boardings in Newcastle.
- The use of the TimeTen ticket has been declining in recent years.

## IMPLEMENTATION OF 2001/02 FARES DETERMINATION

Under section 18(4) of the Independent Pricing and Regulatory Tribunal Act, State Transit is required, where there has been a determination by the Independent Pricing and Regulatory Tribunal, to include in its Annual Report particulars of how any such determination has been implemented.

A change in State Transit's fare scale, in accordance with the determination of the Independent Pricing & Regulatory Tribunal made on 26 June 2001, was made by order published in Government Gazette No 103 of 29 June 2001 effective 1 July 2001.

The following table summarises the determination made by the Independent Pricing and Regulatory Tribunal and the fare changes implemented by State Transit.

TICKET	IPART Determination	Implementation
Single ride bus and ferry tickets	Adult single journey bus fares will increase by between 10 and 20 cents per journey. Inner Zone and Parramatta adult single ferry fares will increase by 20 cents per journey. Rydalmere, Manly ferry and JetCat fares will increase by 30 cents per journey.	All changes to Single Ride bus & ferry fares were within the Tribunal's guidelines.
TravelTens and FerryTens	Adult TravelTen tickets will increase by between 60cents and \$2.00 Adult FerryTens tickets will increase by between \$1.00 and \$2.70.	All changes to TravelTen and FerryTen fares were within the Tribunal's guidelines.
TravelPasses	Adult TravelPass tickets will increase by between \$1 and \$2.	All changes to TravelPass fares were within the Tribunal's guidelines.
BusTripper	The maximum price of the adult BusTripper ticket will increase to \$9.50.	The price of the adult BusTripper ticket increased to \$9.50.
DayTripper	The price of the adult DayTripper will remain at \$13.00.	The price of the DayTripper did not change
Time-based tickets - Newcastle	The adult 1 hour time-based fare will increase by 10 cents. The adult 4 hour and Daily fares will increase by 20 and 40 cents respectively. The adult TimeTen fare will increase by \$1.60.  The adult Stockton ferry single fare will increase by 10 cents.	All changes to bus and ferry fares in Newcastle were within the Tribunal's guidelines.
School Term Pass	The price of the School Term Pass will increase by \$1 to \$37	The price of the School Term Pass increased to \$37