



Paul Pearce MP

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14th September, 2005

Dear Sirs,

Ref: Review of Bus and Ferry Fares 2005

I have had the opportunity to read the submission prepared by the Ministry of Transport and feel that I should make some comments upon it. For ease of reference I propose to refer to page numbers of the submission where appropriate.

My specific area of reference is to the statements, underlying assumptions and conclusion drawn in relation to the section headed "TravelPasses" (p17ff)

Firstly, I am concerned that in this submission there is no recognition that time and zone based fares are in fact the norm in urban public transport and in fact reflect world's best practice.

On page 17 paragraph 2 there is a statement that these trips are "probable travel patterns" and there is a table illustrative of this at the bottom of page 17. **I would point out that there is nowhere within the submission any data to justify such an assumption and hence any conclusion drawn from these assumptions.**

Flowing from this, the TravelPass (TP) discounts are thus assumptions based upon hypothetical travel patterns. It is possible that the "probable" trip patterns are set at unrealistic levels in order to arrive at a particular policy position, so asserting "*discounts are set too high*". I base this comment upon the lack of any detailed analysis within the submission of the current TravelPass sales and actual (as opposed to hypothetical) usage.

Within the submission, there is no recognition that the majority of ticket prices can in fact be reduced, thus encouraging additional patronage and so increasing total revenue. I would refer to the recent Queensland experience with integrating ticketing, wherein, integrated fares were introduced in SE Queensland in July 2004, patronage increased in excess of 10% in the first two months and revenue increased by 11%. , even though 60% of fares were cheaper under the new integrated fares system. (Reference: *media release, Queensland Minister for*



Transport and Main Roads. Paul Lucas, 27/9/2004) **Total revenue obtained is not a function of the level of discount for any individual ticketing product.**

I would also refer to the submission (last paragraph page 18) that states:

“ The Ministry also asks IPART to note that the private bus operators will not be offering TravelPass products under the...new...contracts. This is because TravelPasses may only be used in zones based on radial distances from the CBD and this is not appropriate for the contract areas ...It is also inconsistent with the planning principle of developing a bus network based on linking all identified regional centres. It is therefore not proposed to create further TravelPass zones based on private operator contract areas ”


Based on this statement, I question whether there is a familiarity with modern ticketing system and the method of operation/application. I am also concerned that the submission gives undue weight to the administrative dictate of the contracting system rather than a rational analysis of what is best for the public transport user or indeed the system as a whole. The essence of the contract system with private operators is to achieve a comprehensive public transport system. From the failure of the private sector to consistently deliver a best practice system (as opposed to generating rates of return on invested capital) for the travelling public, it is essential that public regulation and control should be strengthened.

As a general comment, there is, within the submission, no “pros” and “cons” analysis of basic ticketing system available to any city or operator. (eg. Time and zone based, distance alone, flat fares or a mix of all or some of these available methods.) **The submission seems to be wholly based on a set of assumptions and an acceptance that a distance based fares (sections) system is best practice. In fact, the successful public transport networks in Europe specifically reject this system. Indeed the lack of any analysis, or indeed comment, of overseas best practice, is surprising.**

The submission reads as a Treasury document rather than a Public Transport document.

In conclusion, the essence of the submission would indicate a drift back to “cash fares on buses” approach that will have unfortunate consequences for both passengers and operators. From my discussions with people in the public transport (bus transport) field, it is clear that the dwell times of vehicles are very sensitive to the mode of fare collection employed and that operational costs are very much a function of the extent of the delay experienced. This, as I understand it, is the primary reason why public transport operators simplify fare collection procedures and get the sales “off” the vehicle. Pre purchase before boarding and proof of payment are the key concepts. **Regrettably, the submission from the MOT, moves away from these concepts.**

Yours Faithfully,



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