

Action for Public Transport (NSW)

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Mr James Cox
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Dear Mr Cox,

Review of Bus and Ferry Fares First Submission

1. Introduction

This document is in response to your call for submissions to the review of bus and ferry fares. We realise that submissions from stakeholders other than agencies are not required until 15th August 2005. However, it has been our practice for some years now to prepare a submission while the agencies are still preparing their own. This is done in the hope that the agencies might consider our views and mention in their own submissions the reasons for accepting or rejecting them.

Another reason is that we wish to take the initiative in these matters, and not just react to the agencies' proposals. We would like to order from our own menu, and not wait to see what the cook serves up.

This submission concerns mainly metropolitan issues as we have little expertise in regional issues.

2. The Task This Year

Our task this year is set against a different backdrop to previous years.

- (a) in the metropolitan area, fares charged by all bus operators must be the same for equivalent distances
- (b) there are new bus contract areas and funding regimes
- (c) some private bus operators are in financial difficulties or have surrendered their licences
- (d) we do not know whether the Ministry of Transport (MoT) will propose fare structures on behalf of all bus operators, or whether the Bus and Coach Association (BCA) and the State Transit Authority (STA) will make separate proposals
- (e) the fare calculation methods of the proposed Tcard are still shrouded in mystery
- (f) CityRail fares have again been excluded from the review
- (g) the agencies' management procedures and their submissions should have improved after the criticisms made by IPART last year

- (h) STA has reduced the commission paid to ticket agents, with the potential to reduce off-bus sales
- (i) the recent "Campaign for Sydney" in the Sydney Morning Herald has prompted widespread awareness and debate of transport issues. Some readers have called for everything from paying higher fares for an improved service, through the idea of free public transport to the other extreme of users being paid for the inconvenience of having to ride the system

3. Summary

Our main points are listed below and some are expanded upon in the following pages. We have not seen the submissions from the agencies, and we will make further comments after we have read them.

BUSES

APT proposes:

- (a) a small increase in single fares.
- (b) the introduction of TravelTens on all private buses to counteract the increase in single fares.
- (c) no increase in TravelTen prices.
- (d) no reduction in the current 20% discount on TravelTens.
[if (a) and (c) are implemented, then the discount on TravelTens will be increased automatically.]
- (e) no change in bus-only TravelPasses
- (f) the retention of BusTripper ticket
- (g) other strategies to encourage off-bus ticket sales

FERRIES

APT proposes:

- (a) a small increase in single fares to cover increased fuel costs
- (b) the same small increase in FerryTen tickets
- (c) retention of the high discounts on FerryTens, which are actually high premiums on single fares
- (d) no increases in bus-ferry TravelPasses

RAIL

APT proposes:

- (a) a small increase in rail fares is justified, but IPART has not been instructed to review rail fares

GENERAL

APT proposes:

- (a) the "one journey - one fare" principle for Tcards
- (b) no increases in bus-train-ferry TravelPasses prices
- (c) no increase in Pensioner Excursion Ticket prices
- (d) off-bus sale of Pensioner Excursion Tickets

4. Increases in Single Bus Fares

In last year's fare harmonisation process, some short distance private bus fares were increased to match State Transit fares, and some longer distance STA fares were increased to match private bus fares. See Appendix A.

We will accept a small rise in single fares. According to the Australian Bureau of Statistics web site, the CPI increase for Sydney from March 2004 to March 2005 was 2.2%. Let's be generous and say 3%.

Applying this to single bus fares (STA and private), the result is

Distance	Current fares	Plus 3%	Proposed new fares (rounded)	Amount Increase	Percent Increase
1 – 2 sections	1.60	1.65	1.70	0.10	6.2%
3 – 5 sections	2.70	2.78	2.80	0.10	3.7%
6 – 9 sections	3.60	3.71	3.70	0.10	2.8%
10 – 15 sections	4.30	4.43	4.50	0.20	4.6%
16 + sections	5.20	5.46	5.40	0.20	3.8%

A breakdown of Sydney Buses 2003-04 revenue by ticket type is given in Appendix C.

5. TravelTen Tickets

The current discount of 20% on most TravelTens is the bare minimum acceptable. We will present evidence later to show that a 20% discount is neither unreasonable nor uncommon.

This discount must at least be maintained by increasing TravelTen prices by no more than the price of single fares as in the following table. We would prefer that TravelTen prices were frozen so that the discount would increase again.

The following table shows TravelTens increasing by roughly the same amount as single tickets. The discount in this table is calculated on our proposed single fare in the table above.

Distance	Current Price	New Price	Amount Increase	Percent Increase	Percent Discount
1 – 2 sections (Blue)	12.70	13.00	0.30	2.4%	23.5%
3 – 5 sections (Brown)	21.30	21.90	0.60	2.8%	21.8%
6 – 9 sections (Red)	27.90	28.70	0.80	2.9%	22.4%
10 – 15 sections (Green) **	36.10	36.10	0.00	0.0%	19.7%
16 + sections (Orange) **	44.20	44.20	0.00	0.0%	18.1%

** The current discount on these two tickets is below 20%, so we propose no increase to bring the discount close to 20%. The sales volume of these two is very low compared with the Blue and Brown.

6. Single Ferry Fares

A modest increase of 5% in single ferry fares is acceptable to allow for increased fuel costs. Note that fares rose in the range 4% to 7% in December 2004. See Appendix B.

Distance	Current Price	Plus 5%	New Price (rounded)	Amount Increase	Percent Increase
Inner Harbour Zone 1	4.80	5.04	5.00	0.20	4.2%
Upper Parramatta River	4.80	5.04	5.00	0.20	4.2%
Inner Harbour Zone 2	5.10	5.35	5.30	0.20	3.9%
Rydalmere	6.00	6.30	6.30	0.30	5.0%
Parramatta	7.40	7.77	7.80	0.40	5.4%
Manly Ferry	6.00	6.30	6.30	0.30	5.0%
Manly JetCat	7.90	8.30	8.30	0.40	5.1%

A breakdown of Sydney Ferries 2003-04 revenue by ticket type is given in Appendix C.

7. FerryTen Tickets

A modest increase of 5% in FerryTen prices is acceptable to allow for increased fuel costs.

Current discounts on FerryTens (except for the Manly JetCat) range from 25% to 37%. We oppose any attempt to reduce these apparently high discounts. The large percentage difference between the single and FerryTen fares is more in the nature of a premium on single tickets for tourists rather than a discount for regular users. Purchase of single fares by locals would be small, most using FerryTens, TravelPasses or Pensioner Excursion Tickets.

Distance	Current Price	Proposed New Price	Amount Increase	Percent Increase	Percent Discount
Inner Harbour Zone 1	30.30	31.80	1.50	5.0%	36.4%
Upper Parramatta River	30.30	31.80	1.50	5.0%	36.4%
Inner Harbour Zone 2	33.10	34.80	1.70	5.1%	34.3%
Rydalmere	45.10	47.40	2.30	5.1%	24.8%
Parramatta	51.90	54.50	2.60	5.0%	30.1%
Manly Ferry	45.10	47.40	2.30	5.1%	24.8%
Manly JetCat	65.70	69.00	3.30	5.0%	16.9%

8. Private Ferry Fares

We have no objection to a similar rise of about 5% to cover increased fuel costs.

9. TravelPasses

The situation with TravelPasses is complicated.

Firstly, we have the strong impression that all parties except the passengers want to abolish TravelPasses. However, nobody is honest enough to say so. We insist that TravelPasses, or an equivalent ticket, remain.

In previous enquiries at IPART and elsewhere, the agencies have said that TravelPasses were too cheap and have presented unsupported claims of extravagant discounts on regular fares. In trying to replicate these figures, we were only able to come close by using extreme examples in terms of both distances covered and frequency of travel. See pages 17 – 20 of our response dated 8th October 2003 to the Parry Enquiry report. If the agencies persist in making these dubious claims, they must support them with evidence.

Most STA bus fares rose from January 2005 and all ferry fares rose from December 2004. Because all TravelPasses allow travel on STA buses, and all except one allow travel on STA ferries, some parties may have seen a case for increasing TravelPass prices in the last review. However, consumer groups argued that TravelPass price increases had been excessive in recent years, and the prices remained the same.

The exclusion of CityRail from last year's fare review also added to the problem as most TravelPasses include rail travel.

However, because there has been no change in rail fares and because commuters still carry the burden of 60% to 70% rises over the previous eight years, there is no case for increasing TravelPass prices this year.

10. Tcard

Decisions on fares and tickets in this review must not be influenced by what Tcard may or may not provide. Technology must not be allowed to dictate policy. Tcard must be the servant to policy.

In any case, the first trial of genuine fare-paying customers has yet to start, and full implementation is still years away.

Tcard must calculate a single fare for a single journey, and not charge users for each separate trip or leg of a journey.

11. Reduction of Commission to STA Agents

In an act of self-mutilation, State Transit halved the commission paid to ticket agents from 5% to 2.5% commencing from 23rd March 2005. This has led to at least one agent refusing to stock and sell the tickets, and dozens more thinking likewise, because the return is not worth the bother. And State Transit is not aware of the extent of the problem. An agent doesn't have to "resign". They just don't order any more tickets, and State Transit may not notice for months.

A lost agent, of course, means that local customers can't buy off-bus tickets, and they have to pay higher prices and slow the bus down when buying tickets from the driver. Apart from inconveniencing its customers, State Transit's penny-pinching has also short-changed itself.

12. Shortcomings in Agencies' Management and Submissions

In its last ferry and bus fare determinations, IPART made many comments on the quality of agencies' management processes and of their submission to the reviews. Some comments (no names) were:

- most of the revenue growth comes from fare increases well ahead of inflation and little comes from rising patronage
- examples are unrepresentative of practice nor consistent with public perception
- no plans to encourage patronage or manage peak usage of services

- lack of detailed information on efficiency measures
- the level of increase sought could not be justified either on a cost basis or from a business plan
- performance measurement processes do not provide sufficient information to make a detailed assessment of service quality
- no information provided on service improvements in terms of greater frequency, or faster times or greater comfort
- develop better performance criteria and reporting processes

APT looks forward to seeing some well-argued submissions from the agencies this year.

13. Conclusion

As mentioned above, we will make a further submission after reading the agencies' proposals.

Meanwhile, please contact us if you have any queries.

We have no objection to this submission being made publicly available.

Yours faithfully

Allan Miles
Assistant Secretary
Action for Public Transport (NSW)

APPENDIX A
CHANGES TO BUS FARES 4th JANUARY 2005

State Transit Single Fares

Distance	Old Price	New Price	Amount Increase	Percent Increase
1 – 2 sections	1.60	1.60	0.00	0.0%
3 – 5 sections	2.70	2.70	0.00	0.0%
6 – 9 sections	3.50	3.60	0.10	2.9%
10 – 15 sections	4.00	4.30	0.30	7.5%
16 + sections	4.80	5.20	0.40	8.3%

State Transit TravelTens

Distance	Old Price	New Price	Amount Increase	Percent Increase	Percent Discount
1 – 2 sections (Blue)	11.60	12.70	0.90	7.6%	21%
3 – 5 sections (Brown)	19.70	21.30	1.60	8.1%	21%
6 – 9 sections (Red)	24.50	27.90	3.40	13.9%	23%
10 – 15 sections (Green)	33.20	36.10	2.90	8.7%	16%
16 + sections (Orange)	41.80	44.20	2.40	5.7%	14%

Private Bus Single Fares

Distance	Old Price Range	New Price	Amount Difference	Percent Difference
1 – 2 sections	1.20 – 1.80	1.60	some rise, some fall	n.a.
3 – 5 sections	2.50 – 3.30	2.70	some rise, some fall	n.a.
6 – 9 sections	3.60 – 4.60	3.60	some stay, most fall	0 – 22%
10 – 15 sections	4.80 – 6.00	4.30	all fall	1 – 35%
16 + sections	6.30 – 9.80	5.20	all fall	17 – 50%

APPENDIX B
CHANGES TO FERRY FARES 12th DECEMBER 2004

Sydney Ferries Single Fares

Distance	Old Price	New Price	Amount Increase	Percent Increase
Inner Harbour Zone 1	4.50	4.80	0.30	6.7%
Upper Parramatta River	4.50	4.80	0.30	6.7%
Inner Harbour Zone 2	4.80	5.10	0.30	6.3%
Rydalmere	5.80	6.00	0.20	3.4%
Parramatta	7.00	7.40	0.40	5.7%
Manly Ferry	5.80	6.00	0.20	3.4%
Manly JetCat	7.50	7.90	0.40	5.3%

Sydney Ferries FerryTens

Distance	Old Price	New Price	Amount Increase	Percent Increase	Percent Discount
Inner Harbour Zone 1	28.50	30.30	1.80	6.3%	37%
Upper Parramatta River	28.50	30.30	1.80	6.3%	37%
Inner Harbour Zone 2	31.10	33.10	2.00	6.4%	35%
Rydalmere	42.90	45.10	2.20	5.1%	25%
Parramatta	49.30	51.90	2.60	5.3%	30%
Manly Ferry	42.90	45.10	2.20	5.1%	25%
Manly JetCat	62.50	65.70	3.20	5.1%	17%

Private Ferries Single Fares

Distance	Old Price	New Price	Amount Increase	Percent Increase
Cronulla – Bundeena	4.50	4.80	0.30	6.7%
Brooklyn – Dangar Is	4.50	4.80	0.30	6.7%
CQ – Darling Harbour	5.40	5.70	0.30	5.6%
CQ – Lane Cove	5.40	5.70	0.30	5.6%
Homebush – Darl. Harbour	6.10	6.40	0.30	4.9%
Palm Bch – Mackerel Bch	5.40	5.70	0.30	5.6%
Woy Woy – Empire Bay	5.40	5.70	0.30	5.6%
Palm Beach - Ettalong	5.40	5.70	0.30	5.6%

APPENDIX C
BREAKDOWN OF TICKET SALES FOR SYDNEY BUSES AND SYDNEY FERRIES

BUSES

According to IPART's 2004 determination on bus fares, the source of Sydney Buses 2003/04 revenue was broken down as follows (Table 8.1):

Ticket Type	Percent of Total Revenue	Comment
TravelPasses (all)	22.9%	
3-5 Section Adult Single	14.4%	
3-5 Section Adult TravelTen	14.0%	
1-2 Section Adult Single	10.8%	
1-2 Section Adult TravelTen	9.5%	
Sub-total	71.6%	
All other (incl single half-fare tickets)	28.4%	
Total	100.0%	

FERRIES

According to IPART's 2004 determination on ferry fares, the source of Sydney Ferries 2003/04 revenue was broken down as follows (Table 8.1):

Ticket Type	Percent of Total Revenue	Comment
Manly Adult Single	30.0%	
TravelPasses	16.4%	
Inner Harbour Zone 1 Adult Single	15.2%	Probably mostly Zoo visitors
Inner Harbour Zone 1 Adult FerryTen	11.6%	
Manly JetCat Adult FerryTen	7.0%	
Manly Ferry/Rydalmere Adult FerryTen	6.7%	Probably mostly Manly commuters
Manly JetCat Adult Single	5.2%	
Sub-total	92.1%	
All other (incl single half-fare tickets)	7.9%	
Total	100.0%	

Both tables exclude DayTripper Tickets, Pensioner Excursion Tickets and other special products.