

REVIEW OF BUS FARES 2005

Submission from the Transport Panel of the Sydney Division of Engineers Australia (formerly the Institution of Engineers Australia)

August 2005

1. Introduction

The Transport Panel of the Sydney Division of Engineers Australia is a committee of practicing transport engineers who serve the body of professional transport engineers in Sydney by, among other things :

- promoting excellence in transport systems, analysis techniques in education;
- providing expert guidance on transport issues to Institution members and others; and
- encouraging informed debate on transport issues.

The Committee members are not employed by Engineers Australia and this submission represents the view of the Transport Panel Committee, not that of Engineers Australia or the organisations which currently employ the Committee members.

2. Summary

As last year, we submit that:

- IPART should clarify the objectives that public transport is being provided to satisfy, as an essential precursor to assessing fare options;
- IPART should consider the flexibility offered by modern ticketing technology;
- There should be comparability between bus and train fares, but if there is to be a differential then buses should be cheaper than trains and not the other way round;
- Off-system tickets, especially discounted multi-modal tickets, should be more strongly promoted;
- There should be a difference between peak and off-peak fares, with peak fares reflecting the cost of providing the additional resources required only for peak services; and
- The process of annual fare changes should take place in the context of a long-term plan.

Elaboration of these points now follows, after some initial background comments.

3. Background

The Independent Pricing and Regulatory Tribunal (IPART) is charged under the *Independent Pricing and Regulatory Tribunal Act 1992* with the annual

regulation of services supplied by government monopolies, which in transport are (under Schedule 1 of the Act) the State Rail Authority (CityRail only) and the State Transit Authority. The Tribunal has been given a five year standing reference under Section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* to make recommendations on fare changes for private operators. The Tribunal will determine maximum fares for Sydney Buses and private buses under Section 28J of the Passenger Transport Act and for Newcastle Services under the IPART Act. It will make recommendations for non-metropolitan buses to the Minister. As last year, CityRail fares are excluded from the inquiry and we are curious as to why the private light rail fares apparently remain outside this arrangement.

It is likely that the implementation of the recommendations of the Unsworth Inquiry into NSW bus services will be completed before 2007/08, including an integrated fare scale for all buses in NSW. The Panel wonders why CityRail is excluded from these plans – in our view, as per the following, it is the whole of the public transport system that requires integration, not just the public and private bus components of it.

We have no significant comment to make on ferry fares.

4. Objectives

We have made the point to several previous inquiries that until relevant objectives are set for public transport, it will not be possible to evaluate options rigorously. Possible objectives (not necessarily mutually exclusive) include:

- Equitable access providing 24-hour, 7-day-a-week accessibility to those who do not use cars
- Commuters: coping efficiently with highly peaked journey-to-work movement
- Schoolchildren: coping efficiently with highly peaked journey-to education movement
- Competitiveness: offering a viable alternative to private car use
- Commercial viability: offering an acceptable return on assets
- Sustainability: developing a system to provide urban mobility for a future date when unconstrained private mobility is more difficult

We will not repeat our views at length, save to observe that evaluation of options depends on their assessment, which in turn depends on performance measures, which in turn should be derived from objectives.

5. Technology for Better Ticketing and Traveller Information

The subject of public transport fares can no longer be considered in isolation from firstly the manner in which the fares are applied as a technology issue and secondly as a means of demand management.

- **Ticketing Technology.** Technology applicable to fare structures should be considered fully in the setting of the fares and the manner in which ticketing or other fare collection is applied. For example the imminent

use of smart-card technology should be considered in the fare structure because this new technology will permit much greater flexibility in setting fares and offering incentives than has been possible in the past. This possibility should be considered fully by IPART and could form the basis of a wider or subsequent inquiry.

- **Traveller Information to Encourage Greater Use of Public Transport**

The use of public transport is not a fixed or predictable demographic parameter. There is, anecdotally at least, an untapped potential to increase the use of public transport with consequential benefits in environmental and economic terms. This will be influenced by more attractive pricing systems and fare structure and collection technology

Perhaps even more importantly the use of public transport will increase with greater access to timely and accurate transport information that is generated for door-to-door journey planning and pricing. The same infrastructure that manages fares and ticketing can also provide information about all public transport modes and options (including taxis) as an alternative or supplement to the use of private vehicles (park and ride for example).

The Transport Panel recommends that the scope of the IPART inquiry is broadened to include these two aspects that relate with fares and other matters considered by IPART, namely:

- Advanced ticketing technology
- Improved traveller information to encourage use of public transport

6. Comparability between bus and train fares

The Panel believes that bus fares cannot be considered in isolation from rail fares. Figure 1 shows the on-board (cash) fares for bus and rail (both ordinary single and as part of an off-peak return¹). The rail fare in most situations is cheaper than the bus fare, except for relatively short journeys. We suggest that there should just be a single public transport fare scale (as recommended by the Unsworth Review for public and private buses, but including rail fares as well).

It seems hard to justify trains being cheaper than buses when, in the eyes of most users, trains are a superior product (when they can be directly compared) and are also much more expensive to provide. The flagfall for fares should probably be a reflection of the fixed costs of the mode compared with the variable costs of the service. This would suggest a higher flagfall for rail. Government subsidy of rail fares but not bus fares should be considered an explicit policy choice rather than a historical legacy.

¹ The CityRail fares bands are measured in kilometres. Whilst our conversion process of one bus section equals 1.62 kilometres is an approximation, we believe it is appropriate for the purpose of comparing fare scales between modes.

Figure 1 Comparison of On-Board Fares

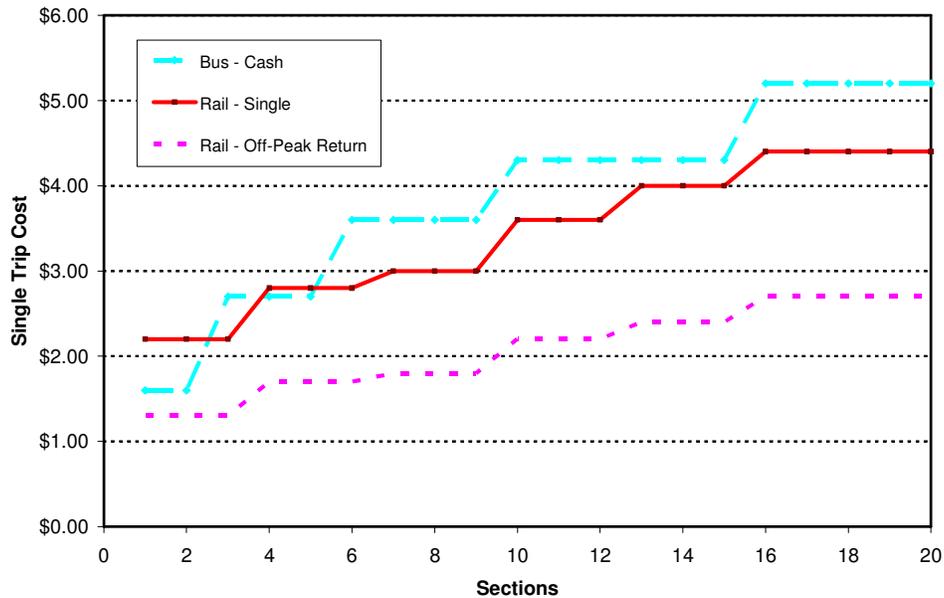


Table 1 makes the same point about comparability of bus and train: again, it shows how rail fares (especially off-peak returns) are cheaper than bus fares.

Table 1 Comparison of Fares Between Modes (per journey)

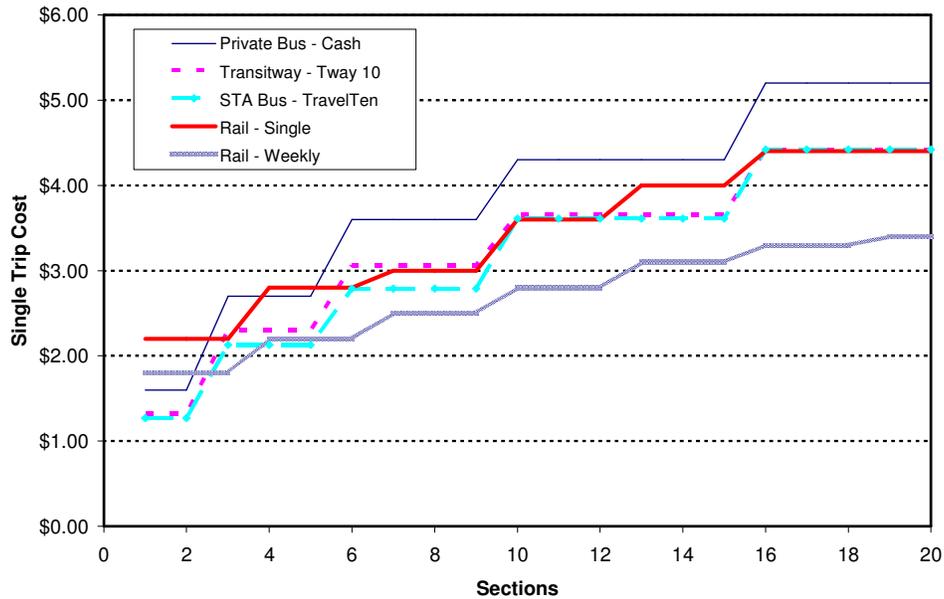
Travel	Bus Single	Bus TenRide	Rail Single	Rail Off-Peak Return
Newtown to Central	\$1.60	\$1.32	\$2.20	\$1.30
Bondi Junction to Circular Quay	\$2.70	\$2.13	\$2.80	\$1.70
Chatswood to Wynyard	\$3.60	\$2.79	\$2.80	\$1.70
Campsie to Wynyard	\$3.60	\$2.79	\$3.00	\$1.80
Epping to Town Hall	\$4.30	\$3.61	\$4.40	\$2.70
Parramatta to Central	\$5.20	\$4.42	\$4.00	\$2.40
Parramatta to Liverpool	\$5.20	\$4.42	\$3.60	\$2.20

Note: For Parramatta to Liverpool, Transitway fares are used. For all other bus journeys, STA single and TravelTen fares have been calculated.

7. Off-board fares, multi-modal tickets and discounts

Figure 2 shows the fares for SRA single tickets, STA TravelTen, Transitway 10 and Private Bus metropolitan fares by section for a single journey (trip). It also shows the cost of a single rail trip with a weekly ticket, based on 10 rides per ticket. This reinforces the previous point about the difference between bus and rail fares.

Figure 2 Comparison of Off-Board Fares



The Panel supports the active encouragement for bus passengers to purchase tickets off-board to improve boarding times and service reliability. To encourage this behaviour it is necessary to provide an incentive to passengers to purchase tickets off-board.

The usual mechanism for this incentive is for off-board tickets to be cheaper than on-board tickets. The Panel believes that off-board tickets should represent the benchmark fare with passengers paying a premium for the inconvenience that they cause other passengers by purchasing tickets on-board. We believe that a premium of between 12.5% and 20% should be sufficient to encourage the majority of passengers to purchase tickets off-board. We note that a number of the private bus operators offer a discount to passengers who pay fares through smart cards, though there is little consistency between operators.

The best way to persuade passengers to purchase tickets offboard is to offer them a stored-value card (smart card) which they can use to buy tickets by tagging on and tagging off as they enter and leave the bus respectively (see <http://www.tcard.com.au/about/>).

We would also like to see multi-modal discounts for casual use extended to all public transport trips, not just bus trips, and in particular trips that require use of both bus and train should not bear “flagfalls” for each mode separately.

8. Peak/Off-peak fare differential

We believe that there should be a significant differential between peak and off-peak fares, with peak fares reflecting the higher cost of resources required for peak times only. This would appear to be feasible given current electronic ticketing technology. It would have the merit of charging commuters something

closer to the true cost of their journeys, while not overcharging (indeed, encouraging) off-peak use. We note that off-peak conditions apply for about 148 hours out of 168 in a typical week (not including the afternoon school transport).

We note that there are very significant discounts offered by CityRail for off-peak return tickets. We would invite IPART to comment on whether they support the introduction of a similar ticket for the bus system, and how IPART views the pricing of these ticket products.

9. Long-term plan

The Panel would like to see an “ideal” fare scale for all metropolitan public transport defined, no matter how far from present fare scales this is. The annual fare revision could then take incremental steps in moving from the current scales towards the ideal scale.

10. Conclusions

- IPART should clarify the objectives to be satisfied by public transport, as an essential precursor to assessing fare options;
- IPART should consider the benefits offered by modern ticketing technology;
- There should be comparability between bus and train fares, but if there is to be a differential then buses should be cheaper than trains and not the other way round;
- Off-system tickets, especially discounted multi-modal tickets, should be more strongly promoted;
- There should be a difference between peak and off-peak fares, with peak fares reflecting the cost of providing the additional resources required only for peak services; and
- The process of annual fare changes should take place in the context of a long-term plan.

The Panel is not primarily interested in the regulation nor the operation of passenger transport services, and we do not favour any particular mode. Our interest does lie in assisting a professionally conducted independent inquiry into all aspects of public transport fares including bus and ferry fares. We would be happy to discuss making our own professional expertise available to the Inquiry on some basis. If you are interested in further involvement, please contact either the Panel Chairman, Frank Milthorpe (02 9762 8488), or the Panel Vice-Chairman, David Kilsby (02 9415 4544).