

**INDEPENDENT PRICING AND REGULATORY TRIBUNAL
PUBLIC HEARING INTO REVIEW OF FARES FOR BUSES AND PRIVATE
FERRIES**

Tribunal Members

**Mr James Cox, CEO and Full-Time Member
Ms Sibylle Krieger, Part-Time Member**

**Held at Meeting Room 2, Level 2
44 Market Street, Sydney, NSW, 2000**

On

Friday, 9 November 2007 at 10.00am

**.9/11/07 1
Transcript produced by Merrill Legal Solutions**

1 OPENING REMARKS

2
3 MR COX: Good morning, everyone. My name is Jim Cox and I
4 am chief executive officer and full-time member of IPART.
5 On my left is Sibylle Krieger, who is the tribunal's
6 part-time member. I need to extend apologies on behalf of
7 Dr Michael Keating, IPART's chairman, who is unwell and
8 unable to be present today, but he sends his apologies.

9
10 Thank you all for coming today. The purpose of this
11 hearing is to assist the tribunal in its deliberations in
12 determining fares for private and government bus in the
13 Sydney metropolitan region, fares for Newcastle services
14 and in also making recommendations to the Minister for
15 Transport on private bus fares outside the metropolitan
16 region and for private ferries. The tribunal expects to
17 release its final determination and make its recommendation
18 to the Minister for Transport in mid-December this year.
19 The tribunal expects that the new fares will apply from
20 early January 2007.

21
22 The tribunal will not be making decisions today; rather
23 we are here today to seek your assistance in the various
24 submissions including those canvassed by the Minister
25 for Transport, the Bus and Coach Association, the
26 Commercial Vessel Association and other interested parties.

27
28 This is a public hearing and forms part of a public
29 consultation process that the tribunal is required to
30 undertake. Transcribers are present to record the
31 proceedings, and the transcript will be publicly available
32 on the IPART web site in a few days time. Because we are
33 making a record, it would be useful if you could introduce
34 yourselves for the benefit of the transcribers when you
35 start to speak and it is also important that you speak
36 slowly and clearly, as I am trying to do at the moment.

37
38 The hearing will run as follows: the first session
39 addresses issues related to bus fares within the Sydney
40 metropolitan region, outer metropolitan areas, including
41 Wollongong and the Hunter Valley, and Newcastle
42 services.

43 The second session deals with issues surrounding private
44 bus operators in regional and rural New South Wales. The
45 third and final session will deal with fares for private
46 ferries.

47 Each session will consist of a presentation by the

1 industry group that has submitted a fare proposal, followed
2 by presentations by interested organisations and individuals.
3 Following each presentation, the tribunal members
4 may ask questions of the presenter and prior to the
5 completion of each session, the floor will be opened up to
6 other comments.

7
8 In order to ensure the discussion proceeds smoothly, I ask
9 that speakers should not be interrupted during their
10 presentation. We will move now to the first session, which
11 is on metropolitan, outer metropolitan and Newcastle
12 bus services.

13
14 SESSION 1: METROPOLITAN, OUTER METROPOLITAN
15 AND NEWCASTLE
16 BUSES AND THE STOCKTON FERRY

17 MR COX: As I have said, the first session this morning will
18 concentrate on the Sydney metropolitan and outer
19 metropolitan bus services including Newcastle buses and the
20 Stockton Ferry. The tribunal will first invite the Ministry
21 of Transport to comment on the ministry's proposal
22 for metropolitan bus fares as well as issues raised in the
23 discussion paper released by IPART.

24
25 Just to refresh your memories, the issues that IPART
26 is particularly interested in canvassing today are:

27
28 The appropriate level of costs to be recovered from users
29 and taxpayers;
30 Suggestions that single cash-based fares should be
31 rounded to the nearest dollar, and concession fares to the
32 nearest 50 cents, in order to minimise cash handling and
33 speed up the boarding times;
34 The benefits of harmonising single fares for the
35 outer-metropolitan areas, given that both costs and cost
36 recovery levels vary by region and that there is no access
37 to multitrip discount tickets in the outer metropolitan
38 areas; and
39 Improvements or reductions in service standards over
40 the past 12 months.

41
42 I now hand over to the Ministry of Transport.

43
44 MS QUILTY: Thank you. My name is Joanna Quilty. I am
45 the director of transport policy and reform with the
46 Ministry of Transport. I would like to pass on apologies
47 from Jim Glasson, our director-general, and also Elizabeth

.9/11/07 3 SESSION 1
Transcript produced by Merrill Legal Solutions

.9/11/07 2 OPENING REMARKS
Transcript produced by Merrill Legal Solutions

1 McNamara, the deputy director-general, who both
2 unfortunately cannot be here today.

3
4 In speaking to our submission for fare rises in the
5 Sydney metropolitan and outer metropolitan areas, I would
6 like to highlight that, since the Unsworth review in 2004,
7 the government has been investing significantly in bus
8 services in those years.

9
10 For the last financial year, \$790m in funding was
11 allocated for the provision of services across the state.
12 This has included \$115m towards the purchase of new and
13 replacement buses. These are low floor and airconditioned
14 and their introduction has improved the physical
15 accessibility of buses and made them more comfortable. The
16 government has also allocated nearly \$960m, up to 2012, for
17 the delivery of bus priority measures and for some major
18 infrastructure improvements to get people to their
19 destinations faster.

20
21 Out of this investment, we will get new integrated bus
22 networks with strategic corridors that are designed to
23 carry people to where they want to go and to connect key
24 centres. Buses are now operating on 19 of these strategic
25 corridors across the Sydney metropolitan area. As I have
26 said, these improvements are part of the government's
27 overall bus reform process. This has introduced contracts
28 that are more transparent than previously. We have
29 improved performance and reporting requirements. We
30 definitely have a more transparent and sustainable funding
31 mechanism and we now have consistent concessions and
32 harmonised single fares across the Sydney metropolitan
33 area.

34
35 We have actually seen an increase in patronage
36 since we have commenced this process. It is an increase of
37 2.7 per cent which does not sound drastic, but when you
38 consider that we are coming off a base that had been in
39 decline over a number of years, it is a significant
40 improvement.

41
42 In addition to the increased funding for bus
43 infrastructure and network improvements, there have
44 actually been increased costs for government. In
45 comparison with 2005-2006, our patronage payments to
46 operators rose by 2.23 per cent. Fuel payments went up by
47 4.7 per cent. Labour costs increased by 3.7 per cent and

1 fixed costs for things like depot rental and overheads
2 increased by 3.2 per cent. We anticipate that, for the
3 current financial year, these costs will continue to
4 increase. It is estimated that payments to operators in
5 the Sydney metropolitan area will rise by approximately
6 \$25m.

7
8 To assist the government in funding its continued
9 improvements to the bus system, we are asking for this
10 6 per cent fare increase to Sydney metropolitan fares and
11 also to Newcastle service fares, and we are proposing to
12 harmonise single fares in the outer metropolitan area.

13
14 We are highlighting that an increase of this magnitude
15 will not actually change the balance between contributions
16 through the farebox and taxpayer contributions; we are
17 simply maintaining that ratio as it is.

18
19 For single adult metropolitan fares, the 6 per cent
20 increase would result in a rise of 10 cents for the
21 1-section to 2-section fare band. Trips using that fare
22 account for 25 per cent of all journey using single or
23 TravelTen tickets. It would mean a 20 cent rise for the
24 next two fare bands, and they account for 28 per cent of
25 all journeys using single or TravelTen tickets.

26
27 We think that those fare rises are relatively modest
28 and reasonable. State Transit's TravelTens would rise by
29 80 cents and \$2.40 and bus/ferry TravelPasses by between
30 \$1 and \$2.

31
32 For Newcastle services' fares, as I said, we are also
33 requesting a 6 per cent rise. The one-hour fare would rise
34 by 20 cents, the four-hour fare by 30 cents, and single
35 journeys and on the Stockton ferry by 20 cents. We
36 consider that the fares charged represent excellent value
37 for money and that these increases will certainly continue
38 to provide value for money for Newcastle residents.

39
40 For outer metropolitan fares, the proposal to
41 harmonise single fares with the Sydney metropolitan fare
42 scale would mean that the majority of passengers in these
43 areas would experience a fare decrease. Some would
44 experience an increase, particularly in the two regions
45 that IPART notes in its discussion paper, but the overall
46 impact will be an improvement in fare equity. Currently
47 the majority of passengers in the outer metropolitan areas

1 pay significantly more than their counterparts in the
2 Sydney metropolitan area.
3
4 There is also a multiplicity of fare scales, something
5 in the order of four currently apply, which is
6 administratively complex, and we want to ensure that all
7 bus passengers in Sydney and the outer metropolitan area
8 pay the same amount for a single distance-based fare no
9 matter where they live or who the operator is.
10
11 I can give some further examples of the investments that
12 the government is making and of the improvements to
13 services that passengers are experiencing. Since the
14 commencement of the contracts in October 2005, 320 new
15 buses have been purchased in the Sydney and outer
16 metropolitan areas. The \$150m in funding that I referred
17 to earlier has resulted in 209 new vehicles for the Sydney
18 metropolitan fleet. That consists of 154 replacement buses
19 and 55 to provide additional capacity, as well as 50 new
20 buses for the outer metropolitan fleet.
21
22 These new buses are low-floor, accessible and
23 air-conditioned so they are helping to improve the physical
24 accessibility of bus services. As at 30 June 2007, they
25 comprised 30 per cent of the buses in the metropolitan
26 area.
27
28 The current and planned infrastructure spending
29 includes approximately \$524m for the north-west T-way.
30 Stage 1 of this initiative was opened in March of this year
31 from Parramatta to Rouse Hill. It comprises 15 kilometres
32 of bus-only roads and 2 kilometres of bus lanes, and
33 patronage already is approximately 20,000 a month.
34 Stage 2, which is from Blacktown to Parklea, has also just
35 recently opened.
36
37 \$100m has been allocated for an upgrade to Victoria
38 Road, and a further \$100m for the implementation of a road
39 network management pinch-point strategy to try to get
40 better traffic management at key points in the network.
41 \$235m has been allocated to bus priority works, including
42 things like bus-only lanes and traffic signals giving
43 priority to buses when they are running late.
44
45 The PTIP scheme, which is the scheme that gives that
46 priority to buses, is now operating on 68 buses and its
47 installation across the network is due to begin in the

1 first quarter of 2008. These measures are starting to have
2 a positive impact and we are seeing patronage increase. As
3 I said before, there has been an increase of 2.7 per cent
4 which we think is encouraging,
5
6 In those regions where we have actually undertaken our
7 integrated network planning process, we are seeing much
8 stronger patronage growth. For example, on strategic
9 corridors 33 and 35 between Burwood and Liverpool, we are
10 seeing growth of about 14 per cent. In the same period,
11 patronage rose by 8 per cent on corridor 23 and 16 per cent
12 on the new direct connection between Parramatta and
13 Bankstown.
14
15 We are continuing to roll out these integrated networks.
16 We have another six metropolitan regions to be introduced
17 in this financial year and planning for the remainder of
18 the integrated networks will be well advanced
19 by late 2008.
20
21 In the outer metropolitan areas, operators have not
22 been under the new contracts for as long, so it is still
23 early days. Nevertheless, some improvements have been
24 brought about because of the bus reform process. There
25 were previously 99 contracts covering these areas - they
26 have been consolidated into 10. Passengers in these areas
27 now have access to the same suite of concessions as their
28 metropolitan counterparts. This includes half-fare
29 concessions being made available to apprentices, trainees
30 and full-time tertiary students over 30 years of age.
31
32 Basically, we think that the 6 per cent is justified, and it will
33 help us to continue the process of bus reform and to
34 continue to provide improvements to bus services for
35 metropolitan and outer metropolitan areas.
36
37 Could I quickly touch on some of the specific issues
38 that were raised in your discussion paper?
39
40 MR COX: Yes, thank you.
41
42 MS QUILTY: As I have already alluded to, our submission
43 is not making an argument to change the balance between
44 taxpayer contributions and contributions through the
45 farebox. The 6 per cent simply maintains that balance.
46
47 We have a few concerns with regard to the proposal to

1 round up single cash-based fares to the nearest dollar to
2 minimise cash handling and speed up boarding times. We
3 think it would involve some significant increases for some
4 of the most common bus journeys. For example, passengers
5 travelling between one and two sections would pay
6 significantly more than the current rise proposed: instead
7 of a 10 cents rise to \$1.80, the fare would rise by
8 30 cents to \$2, and that would be an 18 per cent rise.

9 While we think, yes, the initiative may well improve cash
10 handling and journey times, you would need to undertake
11 some detailed modelling and testing to ascertain who the
12 winners and losers would be and really whether the benefits
13 would outweigh the cost, so we definitely have some
14 concerns relating to that proposal.

15
16 In relation to the benefits of fare harmonisation in
17 the outer metropolitan area, particularly when costs and
18 cost recovery vary by region, we would argue that it is an
19 equity issue. We want to ensure that all bus passengers
20 travelling in both Sydney and the outer metropolitan area
21 pay the same amount for the distance travelled. We do
22 recognise that costs and cost recovery differ across the
23 outer metropolitan regions, as they do across the
24 metropolitan regions, but we have still harmonised single
25 fares in the metro area and we think that it is logical to
26 extend that to the outer metropolitan area.

27
28 Not only will the introduction of harmonised single
29 fares provide greater equity for passengers, but we also
30 think that it will help us with the introduction of
31 strategic corridors which will need to cross over contract
32 boundaries and indeed cross from metropolitan into outer
33 metropolitan areas in some cases.

34
35 In summary, we believe that the principle of fare equity
36 and the facilitation of further network improvements
37 outweighs the impact of any fare rises that may be
38 experienced by some.

39
40 I think that those were the only specific issues that
41 we wanted to address, so that is it.

42
43 MR COX: Thank you very much. You answered one of my
44 questions by saying that the fare proposal maintains the
45 existing balance in costs between what is paid for by the
46 passenger and what is paid for by the taxpayer. I think it
47 would be important for us to have the calculations

1 demonstrating that. I think it is important that you
2 provide that information.

3
4 MS QUILTY: We can do that.

5
6 MR COX: I guess where I am struggling with this is: we
7 have inflation at 3 per cent and we have some information
8 from the bus companies saying that the costs of buses are
9 rising around 3 per cent as well. There is a big difference
10 between 3 per cent and 6 per cent. I don't doubt that
11 there have been some improvements in bus services,
12 particularly in those areas that have gone through
13 the integrated network planning process, but the
14 question is does it justify a 6 per cent fare increase? Do
15 you want to comment on that?

16
17 MS QUILTY: I can only reiterate what I have said. We
18 think that there is significant investment going on and
19 improvements happening and that 6 per cent is justified
20 on that basis.

21
22 MR COX: My next question is about Newcastle. We have had
23 a number of submissions from people in Newcastle
24 essentially arguing that they have not particularly had any
25 service improvements that might justify a 6 per cent fare
26 increase for them. I wonder what your view is of that.

27
28 MS QUILTY: They certainly have a new timetable that has
29 been in place since the beginning of this year and that has
30 led to some improved journey time.

31
32 MR ROWLEY: It certainly has.

33
34 MS QUILTY: And we have had lots of positive feedback in
35 relation to that timetable.

36
37 MR ROWLEY: That's correct. Also they are about to have a
38 network service review. Public consultation will
39 commence shortly on that. All the things that are going on
40 in Sydney are happening there. There is the driver skills
41 maintenance training and they now have seven new Euro 5
42 Euro 5 buses. With regard to level of service, the increase
43 journey times is the service improvement that has occurred
44 in this year, with further service network reviews to occur
45 in the year 2008.

46
47 MR COX: Thank you.

1
2 MS QUILTY: I should also mention in relation to Newcastle
3 that they are taking delivery of 10 Euro 5 buses.
4
5 MR ROWLEY: There will be 26 this financial year in
6 Newcastle; however, we have just received seven to date.
7
8 MS QUILTY: Those buses are top of the range in terms of
9 being environmentally friendly
10
11 MS KRIEGER: Can I ask a follow-up question? A number of
12 submissions originated from Newcastle seem to focus on
13 on-time running and reliability of the service. Is that
14 something that, in your view, has improved?
15
16MR ROWLEY: Ontime running for the Newcastle services has
17 actually increased by 0.3 of 1 per cent. It has gone from
18 98.2 per cent in 2005-2006 to 98.5 percent in 2006-2007.
19 However, the figure for missed trips or cancelled journeys
20 has slightly decreased. In other words, we have had a
21 slight increase in our on-time running and a slight
22 decrease in reliability, and that is in relation to
23 cancelled services. That is what a comparison between
24 2005-2006 and 2006-2007 has shown.
25
26 MR COX: Returning to service quality, do you plan to
27 undertake surveys, as you do for rail, indicating the
28 customers' view of the service quality? There seems to be
29 an absence in the case of buses.
30
31 MS QUILTY: We are certainly looking at having our
32 operational performance regime in place and working
33 from 1 July next year. That will involve undertaking some
34 surveys in the first instance.
35
36 MR COX: Thank you. The final issue I want to raise is
37 productivity. Our understanding is that the State Transit
38 Authority has agreed to increase drivers' wages by 4 per
39 cent on the expectation that productivity savings will be
40 achieved, but it is not your proposal to pass through any
41 of those productivity savings to customers in lower fares. I
42 was wondering whether you thought that was appropriate.
43
44MR ROWLEY: The government's wages policy is for a 2.5 per
45 cent CPI increase with anything over that funded by
46 productivity decreases, so there is no net benefit or no
47 net gain in reduction in costs to Newcastle buses in

1 relation to those productivity gains. Those productivity
2 gains are solely there to provide the funding for the wage
3 increase, and that is as per the New South Wales
4 government wages policy.
5
6 MR COX: Thank you for that clarification. Any further
7 questions?
8
9 MS KRIEGER: No, thank you.
10
11 MR COX: Thank you very much for that. I think we
12 might now move on to Action for Public Transport. So,
13 Allan Miles, if you could make your presentation.
14
15 MR MILES: I will just give you some handouts. My name is
16 Allan Miles representing Action for Public Transport. I
17 intend to read from what I have here, but I will probably
18 make other comments as well. The first issue is:
19
20 The appropriate level of costs to be
21 recovered from users and taxpayers.
22
23 We have been talking about that ever since the days of
24 Professor Parry. This matter was covered in our response
25 to the CityRail fares issues paper. The continued use of
26 the term "users and taxpayers", as if the two were
27 incompatible species, is an extremely irritating Costa-ism
28 and should be abandoned. I had a radio reporter use those
29 same words to me yesterday.
30
31 The government must produce a fares policy where fares
32 are set according to a dozen or so criteria, only one of
33 which is cost recovery. We could ask what is the
34 appropriate cost recovery ratio for users of Stanmore
35 Public School or users of Petersham Police Station or users
36 Parramatta Road? This level of cost recovery has been the
37 subject of debate. I think IPART issued a paper on it in
38 1996, and we are still no closer to resolution, so I cannot
39 add any more to that.
40
41 The next issue is:
42
43 Suggestions that single cash fares be
44 rounded to the nearest dollar and
45 concessions fares to the nearest 50 cents
46 in order to minimise cash handling and
47 speed up boarding times.

1
2 I have a few comments about what Joanna Quilty said, but
3 I will mention them later. There will never be a better
4 opportunity than now to be bold and try the experiment.
5 Four of the five proposed MOT fares are only 10 cents
6 either side of an even dollar and the fifth fare, the
7 lowest band, is 20 cents short. The new single fares
8 suggested by the Ministry of Transport, already rounded
9 from a master fare, are \$1.80, \$3.10, \$4.10, \$4.90 and \$5.90.
10 The even dollar fares would be: \$2, up 20 cents from the
11 Ministry of Transport proposal, not from the current;
12 \$3, down 10 cents; \$4, down 10 cents; \$5, up 10 cents;
13 and \$6 up 10 cents.
14
15 The percentage increases on the current fares for the
16 five bands are 18 per cent, 3 per cent, 3 per cent, 9 per
17 cent and 5 per cent. Fares in the lowest band were not
18 increased in January 2007, so the 18 percent increase
19 mentioned by the Ministry of Transport should be seen as a
20 9 per cent increase a year over two years. On the numbers,
21 this is an average of 6 per cent, but the weighted average
22 might be higher.
23
24 It was mentioned that they can do detailed modelling. I am
25 sure they could do that in about two days and come up
26 with an answer to be put in this determination.
27
28 If the master fare scale is retained and honoured, the
29 fares may not increase again in the next year, so what
30 might look like a big increase now may not be any increase
31 in the following year.
32
33 The particular concern of the Ministry was the lowest
34 band, which is now \$1.70, and they propose to put it up to
35 \$1.80 and I want it put up to \$2. Most people who pay cash
36 fares for the lowest band are infrequent users and a rise
37 of 11, 20 or 30 cents is neither here nor there to them. I am
38 sure the folk at NCOSS will have a go at me about them.
39
40 These people pay what the driver ask. In George Street
41 in peak travel periods, they never question how much
42 it costs to travel to Circular Quay; they just pay it.
43 Frequent travellers, if they baulk at a \$2 fare, will soon
44 learn to use a TravelTen at \$1.44 a trip.
45
46 Because the proposed even dollar roundings are both up
47 and down, the effect on total revenue would probably be

1 negligible. We do not have the data to prove this and
2 suggest that the MOT and State Transit provide IPART with
3 the necessary figures. And next week. The results of the
4 trial, the Ministry talks about modelling, the best way to
5 model is to go out and do it.
6
7 MS QUILTY: We think testing is needed.
8
9 MR MILES: Can I discuss that now?
10
11 MR COX: Carry on first.
12
13 MR MILES: The results of the trial can be assessed in
14 various ways: Observations, anecdotes, records of cash
15 takings and deposits. If the trial is deemed unsuccessful,
16 there is no harm done and it is easily reversed next year. If
17 someone asks, "What happens next year when the raw fares
18 are not close to an even dollar?", that is something to
19 worry about next year. If IPART does not go along with
20 this proposition, State Transit could still go it alone and
21 charge the lower fares on the second and third bands, \$3
22 instead of \$3.10 and \$4 instead of \$4.10. Bus operators can't
23 charge more than the maximum allowed but can charge
24 less. Some operators do that now.
25
26 The revenue forgone may be offset by the savings in
27 time and cash handling costs as bus drivers struggled to
28 find 90 cents in change to give passengers. Can you imagine
29 how many passengers for a \$4.10 fare will hand over
30 \$5 and the bus driver will have to find 90 cents and then
31 another 90 cents and then another 90 cents?
32
33 TravelTen passes should not be altered from those proposed
34 by the MOT. The discounts would range from 17 to
35 22 per cent for the four highest bands, with the average of
36 those four around the acceptable 20 per cent. On the
37 lowest band, the discount will be 28 cents but this
38 situation should be seen as a single ticket being sold at a
39 premium to discourage cash fares rather than the TravelTen
40 being sold at a large discount.
41
42 In the current CityRail regulatory framework review IPART
43 proposes an option whereby it would set a revenue cap
44 that is a maximum overall fare increase of a certain per
45 cent and leave the operator to juggle the increases or
46 decreases on individual fares as it sees fit within that
47 overall amount, (section 7.6 of the framework review). The

1 even dollar fares proposed here following follow that idea.
2
3 The next issue is: what are the benefits? I should
4 say that I support the proposed total increase of 6 per
5 cent. I might be the only one here who does. One of the
6 benefits of harmonising single fares for the outer
7 metropolitan areas, given that both costs and cost recovery
8 levels vary region by region and that there is no access to
9 multitrip discount tickets.
10
11 To answer the second point first, some operators do
12 have multitrip discount tickets and the rest should be
13 required to follow suit now and not wait for Tcard. It
14 can't be too difficult. It was done 100 years ago using
15 books of tickets and hole punches.
16
17 Back to the first point: what are the benefits of
18 harmonising single fares? Mr Unsworth thought this was
19 very important a few years ago for the sake of equity and
20 the government agreed. If fares were to reflect varying
21 costs and cost recovery levels region by region then it
22 would not just be Morisset different from Stanmore, it
23 would be Bellevue Hill different from Bondi, because the
24 conditions are vastly different and they are only a
25 kilometre apart.
26
27 Joanna Quilty mentioned that the benefits of harmonising
28 will outweigh the disadvantage of any increase
29 for the short-distance passenger. I can use that same
30 argument for the large increase on the lowest band to
31 section fare.
32
33 I would raise another issue. Service quality
34 improvements are mentioned in the issues paper as one
35 reason for increasing fares. These KPI figures are only
36 averages of different operators and it could be unfair to
37 punish or reward all operators alike for the sins or
38 virtues of a few.
39
40 The issues paper says that 0.053 per cent of trips are
41 cancelled or missed/cancelled. It is not clear if this is
42 all buses or just State Transit. State Transit's last
43 annual report says that 103,000 trips are scheduled each
44 week and, if my arithmetic is correct, 0.053 per cent of
45 that is 50 services in a whole week. Anecdotal evidence
46 would put the figure much, much higher than that.
47

1 Regardless of the number of cancellations, we wonder
2 if the reasons for cancellations are recorded, that is, not
3 enough drivers, a sick driver, the driver failed to turn
4 up, not enough buses, faulty buses, previous bus finished
5 too late, there is a collision on the route, et cetera. I
6 do not want to burden the operators with too many figures.
7 Often those figures can mask realities but something like
8 that would be interesting to know.
9
10 That is the end of my story.
11
12 MR COX: Thank you. Joanna, do you want to respond?
13
14 MS QUILTY: I will respond on two particular issues. In
15 relation to the cancelled services, that is a figure that
16 applies to both private bus services and to the STA. As
17 far as I know, I do not think we collect data as to the
18 reason for those cancellations but I can check that for
19 you. It is based on self-reporting and we recognise that
20 that is not necessarily the best way to collect this data,
21 which is why our operational performance regime, which
22 we are bringing in from July of next year, will be a more
23 rigorous way of assessing performance on those key issues.
24
25 MR MILES: But the reason for bringing it forward, some
26 things are your fault and some are not, so if there was an
27 accident on Parramatta Road, that is not your fault.
28
29 MR ROWLEY: State Transit's missed/cancelled trip count is
30 0.6.
31
32 MR MILES: Your paper said 0.5.
33
34 MS QUILTY: That is an average across the region.
35
36 MR ROWLEY: The massive amount of the majority of our
37 trips missed is because of late running, probably followed
38 by changeovers, then collisions and what we call
39 cancellations; that is for a staff shortage on the day.
40 Our actual missed trip count is 0.5 but the largest amount
41 is due to late running.
42
43 MR MILES: That makes the figures more printable, if I
44 accept them. The even dollar fares and the
45 testing/assessment?
46
47 MS QUILTY: We certainly would be happy to give that some

1 more consideration. Our experience with STA's pre-paid
2 buses is that they do certainly help to improve boarding
3 times. But I guess we would be concerned about on top of
4 the 6 per cent fare increase additional increases for some
5 passengers, so we would like to look at that more closely.
6 We are certainly keen to achieve the improved boarding
7 times that we are seeing with the STA.

8
9 MR MILES: I will await that with interest.

10
11 MS KRIEGER: A clarification - is there any means of
12 pre-payment outside the metropolitan area or is there no
13 pre-paid alternative available?

14
15 MR ROWLEY: At the moment we do not have any pre-paid
16 services in Newcastle. Whilst it is technically feasible,
17 the ticket outlets just aren't available at the moment.
18 However, there is no reason why that won't get rolled out
19 further. The pre-paid concept is sitting at about 19
20 routes at the moment, with a further three to come on line
21 by the end of this year, bringing it to a total of 22. I
22 will use the 333 as an example. The pre-paid service
23 operated when it was introduced with an articulated bus,
24 and the increase in capacity, that means more passengers
25 boarding and alighting, so we were able to introduce that
26 service at the same running time as what was called the
27 L82.

28
29 It had a 10-minute differential between it and a normal
30 all-stops service. The corridor where we introduced it had
31 one of the highest cash fare rates along any corridor
32 and that was on a base of about 130,000 passengers
33 a week. The cash fare ratio was sitting at 40 per cent
34 just prior to its introduction and it has now come down to
35 19 per cent, so the pre-paid concept certainly is very
36 worthwhile. As I say, we have now introduced it on to
37 19 routes, with a further three to come on board, and
38 further services to come on board in 2008.

39
40 MS QUILTY: In the private operating area, tickets are
41 generally purchased on board the bus.

42
43 MR COX: Allan, I would like you to expand on your reasons
44 in support of a 6 per cent fare increase.

45
46 MR MILES: When I opposed CityRail?

47

1 MR COX: Your reasoning.

2

3MR MILES: It is not that State Transit takes me to lunch
4 or anything. State Transit has done a lot of good work and
5 a lot of good work is still to come. The additional money
6 that they ask for is both for running costs and for future
7 improvements. State Transit and the Ministry of Transport
8 have a habit of honouring their promises and delivering
9 what they promise, and the couple of regions that have been
10 put under contract are working very well. There are a few
11 glitches but they are to be expected.

12

13 I think the overall bus system, both State Transit and the
14 new contract regions, are working well. So CityRail seems
15 to ask for money for new investments but then someone
16 along the line chops them off and they don't happen. I
17 love the Sydney Morning Herald quote that says, "CityRail
18 things go straight from the future to the past without ever
19 arriving at the present".

20

21 Does that answer your question?

22

23 MR COX: I will tease it out a bit more. My observation
24 is that bus fares tend to be higher than rail fares for
25 similar journeys, so the 6 per cent increase will be in
26 fact quite a large increase for certain passengers and much
27 more than the CPI, so we have to satisfy ourselves that
28 this fare increase is necessary.

29

30 MR MILES: Are we still basing our calculation on the CPI
31 or on State Transit and the other operators' costs?

32

33 MR COX: Both.

34

35 MR MILES: There is a whole paper on that that I did not
36 read on something called BICI. I do not think the fare
37 rises are unreasonable. Some people will complain about
38 it, especially those people who don't bother to buy
39 TravelTens. I say: let them buy a TravelTen.

40

41 MR ROWLEY: The buses that we are buying buses over
42 five
43 years coming in as replacement buses and those buses are

16

44 per cent greater length than the buses they are replacing,
45 they are a mixture of CNF, which is a higher capital cost
46 vehicle, Euro 5, all air-conditioned and all low-floor.
47 Because they are 16 per cent greater in length, we will
need extra depot capacity. All this needs to be funded.

1
2 For both driver and passenger security, all our buses
3 will be fitted with CCTV. This is being rolled out. And
4 driver screens. There are costs that are ongoing with the
5 actual improvement to the buses as well as a need to
6 actually get the infrastructure right to house all these
7 vehicles.
8
9 Our actual accident history over the last 12 months
10 has been very good, touch wood, there have been
11 considerable improvements, and that is as a result of a new
12 training regime for our existing drivers, not so much the
13 new drivers, called the driver skills maintenance program.
14 It involves a classroom exercise on the first day and skill
15 training on the second day. The skill training is out on
16 the road with a qualified person to pick up all the bad
17 habits. All this comes at a cost to improve the safety of
18 our services and hopefully also maintain our current staff
19 levels so we don't lose staff.
20
21 We have now become a member of the RTA's green fleet
22 program. We have the heavy vehicle inspection scheme, so
23 the RTA does two checks on our buses a year as an
24 independent auditor to ensure safety standards are met. We
25 have a number of business improvements going on over the
26 organisation that do also increase our costs.
27
28 MR HAYES: What is our status?
29
30 MR COX: You have arrived late. We will get to you. The
31 department has agreed to summarise some matters first. I
32 want to deal with Mr Miles, then NCOSS, and then we will
33 get to you.
34
35 MS KRIEGER: Can I raise a question: If you could please
36 provide that material to us, I think the differential we
37 are talking about here is the specific cost increases which
38 Joanna mentioned were in the two to three, three to four
39 per cent range, and they clearly do not capture all of the
40 costs. They capture specific operational costs. What we
41 need information about is how the difference between
42 those sorts of cost levels and the 6 per cent is to be justified.
43 You have given us some examples here, if they could be --
44
45 MS QUILTY: A lot of those costs would be captured by our
46 payments.
47

1 MR ROWLEY: That is right.
2
3 MR COX: Thank you very much. We will move on to Kevin
4 Parish.
5
6 MR PARISH: My name is Kevin Parish. I am the chairman of
7 the Commuter Council and also the chairman of the Hunter
8 Commuter Council. Thank you very much for allowing
9 me the opportunity to participate in this public hearing.
10
11 The Commuter Council was established in the 1970s by the
12 New South Wales Government to identify and represent
13 the needs and wishes of New South Wales commuters.
14 Basically the Commuter Council supports the submission
15 presented by Action for Public Transport and as such there
16 is little purpose to be gained by me repeating what they
17 said, with the exception that the Hunter Commuter Council
18 feels that the 6 per cent fare rise is excessive in view of
19 the unsatisfactory service being provided in that area at
20 the moment and in the past and proposed cut backs.
21
22 The Hunter Commuter Council also believes that
23 passengers should be able to buy either time- or
24 distance-based tickets and also that there is a need to
25 have a fares system in Newcastle harmonised in order that
26 they can progress to a better ticketing system.
27
28 The only other point I would like to make, and I have
29 made this at previous meetings, is that the Commuter
30 Council is a group of lay people. We have no technical or
31 professional resources to call upon. As such, we are
32 unable to present to such inquiries as this proper reports.
33 All we can do is go ahead with our usual lay-type reports,
34 which tells us virtually what we want and what we don't
35 want and what we like and what we don't like, but not
36 supported by detailed evidence.
37
38 As such, we think that something should be done in the
39 future about providing something of that nature. In the
40 meantime, I am very thankful to people like Allan Miles,
41 who has put a mile of time into preparing all this
42 information, and I would also like to comment that I am
43 most impressed with the submission here provided by
44 Darrell Harris from Newcastle, who has also gone to a lot
45 of work to provide information.
46
47 That being the case, I thank you very much for this

1 opportunity.
2
3 MR COX: Thank you. Just one question. You said you
4 didn't support the 6 per cent increase for Newcastle?
5
6 MR PARISH: That was Hunter. Sydney supported it but
7 Hunter felt that the 6 per cent was excessive.
8
9 MR COX: Your city members think the 6 per cent is all
10 right for Sydney?
11
12 MR PARISH: Yes, the Sydney members are happy with
13 the
14 Action for Public Transport attitude.
15
16 MR COX: I will now move on to NCOSS.
17
18 MS PETERS: My name is Alison Peters and I was recently
19 appointed director of the Council for Social Services of
20 New South Wales, usually called NCOSS. I just wish to
21 make a few brief points this morning. NCOSS, as a peak
22 organisation, works with its members to ensure that
23 disadvantaged people in the community can work towards
24 achieving social justice in New South Wales. We believe
25 there are good social and environmental reasons to promote
26 bus travel and that has been evident in our submissions to
27 date, to not just this review but also previous reviews.
28 Our base position I guess is that increases in bus fares
29 should be at CPI level and we are concerned that
30 cumulative increases in previous reviews that have been in
31 excess of CPI have in fact exacerbated the financial
32 pressures on low to moderate income households. And those
33 are the people that we largely represent. So we have some
34 concern with an increase of 6 per cent that goes above CPI,
35 particularly when it is not clear to us from the MOT
36 submission how in fact the costs add up to that sort of
37 level.
38
39 On the issue with respect to the relevant balance
40 between users and taxpayers in a cost recovery sense we
41 support APT on this particular angle and that is that it is
42 only one factor and that there are other factors that are
43 equally important in determining the appropriate balance
44 between taxpayer contributions as opposed to farebox
45 revenue in terms of cost recovery.
46
47 With respect to harmonisation of fares, again we

1 support this on the basis that it is equitable and we do
2 agree that it helps facilitate strategic corridors which will
3 increase patronage and we think that is a good outcome.
4 We do, however, note in our submission that again
5 the harmonisation is limited to single trips and we believe
6 that there could in fact be a move on integrated ticketing
7 options falling out for the outer metropolitan area. We have
8 previously provided details of how we believe that can be
9 achieved and we think that the MOT should perhaps look
10 at that further.
11
12 In terms of APT's submission with respect to rounding up,
13 as a resident of Coogee and someone who does not drive,
14 therefore a frequent user of STA services, anything that
15 makes travel time and boarding easier would certainly suit
16 me on an individual basis. However, the issue here is
17 whether it provides equity and effectiveness.
18
19 We certainly think that rounding up can have quite
20 adverse effects on equity and so we would express some
21 concern in that regard. I would also indicate, we are not
22 convinced that it would be an effective method of
23 increasing the effectiveness of boarding in that quite
24 often the change required can be from large notes to
25 smaller coinage and so we don't actually think it may
26 alleviate the cash handling issues.
27
28 We do actually believe the introduction of the Tcard,
29 whenever that might occur, is probably the most effective
30 way to address that particular issue. So we would have
31 reservations about the concept of rounding up cash fares at
32 this point in time.
33
34 I will just leave it at that at this point.
35
36 MS KRIEGER: Just briefly, you said that of the factors that
37 are relevant in deciding how costs should be recovered
38 that the equity between users of public transport and
39 taxpayers is only one issue and there are other factors.
40 Would you like to briefly enumerate the other factors that
41 you have in mind?
42
43 MS PETERS: Certainly on environmental issues, increased
44 public transport, there are savings to air quality, to
45 health, to less motor accidents and so forth, so there are
46 certainly reasons there. In terms of social reasons, we
47 see that using public transport is about providing

1 efficient and valuable services to the broader community,
2 whether they personally use those modes of transport
3 themselves, as it frees up roads for people who have no
4 alternative but to use private motors vehicles, for
5 example, and there are also savings in terms of costs for
6 maintaining roads and new roads. Those are some of the
7 issues we think are important to take into account.
8
9 MS KRIEGER: Thank you.
10
11 MR COX: Thank you very much. We will now move to
12 Newcastle issues and I will ask Joanna if she wishes to
13 briefly introduce this.
14
15 MS QUILTY: As most people in this room would be aware,
16 our submission asks for the 6 per cent that we are asking
17 for metropolitan fare increases to also apply to Newcastle
18 services. We are stating that this would not change that
19 ratio between farebox contributions and government
20 contributions but it would maintain it. We are arguing
21 that it is a reasonable increase in view of the fact that
22 Newcastle services, we think, are good value for money.
23
24 I will probably leave it at that as an introduction as
25 I am sure other issues will arise.
26
27 MR COX: Shall we start with the Throsby Community
28 Forum, John Hayes.
29
30 MR HAYES: I am the acting chair, Throsby Community
31 Forum. We did make a valiant attempt to be here well
32 before time and it was a combination of public transport
33 failures and failures on the F3 which caused us to be late.
34
35 MR COX: We understand.
36
37 MR HAYES: Our plan was to be here one hour ahead. If
38 people have been inconvenienced, we apologise, it was
39 completely out of our hands.
40
41 Throsby represents the five inner city suburbs of
42 Newcastle. They are enumerated in our short submission.
43 We looked long and hard before we made a submission and
44 we thought there was a very good reason to do so when
45 we did look long and hard because we don't think
46 that the services that are offered to our members in the
47 inner city suburbs warrant any increase.

1
2 In fact, we maintain that until major work is done, major
3 economies affected, major communication between the
4 service provider and the community is carried out in a
5 meaningful way, that in fact there should be a decrease in
6 the fares of 25 per cent. The reason we say that is that
7 the stated principles that we understood from an earlier
8 State Transit Authority report do work. We have tried
9 valiantly to get a copy of their current report and/or a
10 comment on what their current stated principles and their
11 current statistics are and that has not been provided to
12 us, so we think that we are under great difficulty in
13 actually better preparing our submissions.
14
15 The simple fact is that buses in Newcastle generally
16 provide a dreadful service. You cannot get anywhere to
17 anywhere generally speaking directly. I will give you my
18 example of yesterday when I had to go and see a medical
19 specialist at John Hunter. I live at Islington. Had I gone
20 on the buses, it would have taken me two hours to get
21 there and two hours to get back because you have to
22 change buses and frequently the buses don't connect.
23
24 So I am left to my car. Luckily I have a car but
25 there are a lot of people in my area who don't have cars,
26 so they have to fall back on friends or relations driving
27 them, or basically the whole day to get to a hospital.
28 That is dreadful.
29
30 Getting to the university is difficult because buses don't
31 turn up. I had a daughter who was working there and
32 she had great difficulty in arriving on time. She was in a
33 medical research unit and she had the keys to the safe to
34 the lab and so it was important that she got there on
35 time - very difficult to do it.
36
37 It is really a third-world service up there. It is
38 not a first-world service. We have many good ideas to turn
39 it into a first-world service. We are terribly frustrated about
40 the lack of opportunity for community input, the lack
41 of opportunity for input as to routes, into frequency and
42 connectivity. Indeed, our most recent research shows that
43 a large part of the fleet is actually the wrong size for
44 Newcastle. There are lots of things that can be done that
45 would make it much more efficient. When it is efficient,
46 people in Newcastle will use the service. When they use
47 the service, there will be an automatic increase in

1 revenue. We have a long way to go before that will happen.
2 We don't think that the Ministry of Transport's proposal
3 gives any realistic consideration to the situation in
4 Newcastle, and we have been told that the STA had no
5 input into the ministry's a submission.

6
7 MR COX: Does the ministry want to respond to that?

8
9 MS QUILTY: Only to say that there will be a review
10 commencing shortly of Newcastle bus services. That will
11 involve community consultation, and I think the community
12 consultation is scheduled for 19 November. That will
13 certainly provide an opportunity for you to be raising
14 these kinds of issues.

15
16 MR ROWLEY: That is when it commences. The community
17 consultation commences on about the 19th and it will go
18 for at least a month.

19
20 MR HAYES: We have been told that, coming out of that
21 review, services will be truncated and discontinued. We
22 think that is putting the cart before the horse. We want
23 to deal with the facts as they are now. There may be some
24 good things that come out of the service review. That is
25 not what we have been told so far. I know the unions are
26 very concerned. I don't know whether the unions are here
27 today. I hope they are.

28
29 MR ROWLEY: I might say that all those issues need to be
30 raised in the community consultation process. That is
31 exactly what it is there for.

32
33 MR HAYES: But you are here asking for a fare increase on
34 a service that doesn't work. Community consultation, when
35 it takes place before Christmas, may develop things that
36 will solve those problems, but it may not. We say: fix
37 the problem first, then ask for the fare increase. Don't
38 ask for the fare increase in advance of the discussion.

39
40 MR ROWLEY: When you say the service is broken already,
41 we have an on-time running figure in Newcastle of nearly
42 98.5 per cent --

43
44 MR HAYES: We dispute that.

45
46 MR COX: Let him respond to your point.

47

1 MR ROWLEY: With regards to missed trips in total in
2 Newcastle. I think it's about 0.2 or 0.3 of 1 per cent.

3
4 MR HAYES: We dispute that.

5
6 MR ROWLEY: I have just been informed that it is less than
7 that and it is 0.06 of 1 per cent. To say the services in
8 Newcastle are broken is something I would dispute. You
9 mentioned having inappropriate buses for the service.
10 Capital costs are driven by the capacity at the busiest
11 time in the day. Buses need to be able to carry 55, 60
12 people in the peaks. If you go to smaller buses, you would
13 need more vehicles in the peak times, greater depot capacity
14 more kilometres, more labour costs. Unfortunately,
15 whilst I understand you are saying you see buses
16 with only 10 people and sometimes none, you need to
17 actually purchase your vehicles with the appropriate
18 capacity for the peak requirements, and that is 55 to 60
19 people.

20
21 MR HAYES: We say that is the old model, and there are
22 perfect examples in other cities in Australia and plenty of
23 examples in other parts of the world where a new model
24 works. It is a combination of big buses and small buses.
25 It is a combination of hubs, feeders, it is a combination
26 of terminuses outside the main part of the city.

27
28 We can easily demonstrate that if all the buses that come
29 into Newcastle terminated in Newcastle West and did
30 not come into Hunter Street, there would be a saving of
31 \$300,000 without a diminution of services to the public.
32 That \$300,000 is exactly the same figure that, according to
33 the Ministry of Transport, they expect to receive as a
34 result of this fare increase. So we can say that you can
35 do without a fare increase. We can show you how to save
36 the \$300,000. It is something that would, could be put into
37 force tomorrow and then work on. You have great variety
38 in your fleet --

39
40 MR ROWLEY: We already do have a mixture of big and
41 small buses. We have 30 MAN minis up there.

42
43 MR HAYES: Yes, but you are not using them to their full
44 advantage. We are told that the buses just go out the door
45 according to who is in the queue. There is no planned way
46 in which you would use your small buses to the sort of
47 effect that we say we can demonstrate they can be used.

1 This is a big issue and we say: until the issue is resolved,
2 don't give them a cent; in fact reduce the money and let
3 them work for it. Let them really listen to the public. If
4 the incentive is there, then they will really listen to the
5 public, and there are many ways we can demonstrate
6 where money can be saved and where services can
7 be improved.
8
9 MR COX: Thank you for that. Is there anything more you
10 want to say in response to that?
11
12 MR ROWLEY: No.
13
14 MS QUILTY: I don't think so.
15
16 MR COX: Sibylle, do you have any questions?
17
18 MS KRIEGER: No further questions.
19
20 MR COX: Thank you for that submission. We might now
21 hear from the next group, which I think is the Newcastle
22 University Students Association.
23
24 MR MOYLAN: My name is Jonathan Moylan. I am the welfare
25 officer at the Newcastle University Students Association.
26 Once again we apologise for being late. I guess this is
27 something that happens when you rely 100 per cent on
28 public transport, as many students do. The trains were 45
29 minutes late. That is just one of those things that happens -
30
31 NUSA very much welcomes the opportunity to put our
32 views on the Ministry of Transport's proposed fare
33 increases to IPART. We greatly value the concept of an
34 independent tribunal as a buffer against arbitrary fare
35 determination. It is good to see that other students have
36 come here today, during exam time. I think their presence
37 really demonstrates the financial impact that fare increases
38 have had over 10 years and are continuing to have
39 on students and on the broader community.
40
41 We also encourage IPART to include a public forum in
42 Newcastle as part of the consultative process as such a
43 large number of submissions to this proposal concern
44 Newcastle services and it is such a small part of the
45 transport picture. I think that demonstrates that there is
46 quite a large level of concern in Newcastle.
47

1 Before I begin to address the points of the proposal of the
2 Ministry of Transport, I would like to explain NUSA's
3 interest in these proposed increases by painting a picture
4 of the extent of student poverty in Australia today.
5 According to a recent report by the Australian Vice-
6 Chancellors' committee only 2 in 5 students are eligible
7 for student support payments such as Youth allowance
8 AUSTudy and ABStudy. Those who are eligible
9 for support receive payments that are 18 to 37 per cent
10 below the Henderson poverty line. 70 per cent of students
11 work an average of 15 hours a week. 93 per cent of those
12 students not receiving support are working in addition to
13 full-time study. Students are therefore major users of
14 public transport, between home, their place of study and
15 their place of work.
16
17 It is interesting to note that, in Newcastle, the only bus line
18 whose revenue has exceeded its cost is a line from the city
19 to the university; so students are huge users of public
20 transport. We spend hundreds of dollars and sometimes
21 over \$1,000 a year on public transport. While this may not
22 seem like a lot to most of the population, when you
23 consider that many students such as myself live on
24 about \$120 a week, out of which we have to pay rent, you
25 can understand why the cost of public transport is of such
26 concern to us.
27
28 There are two groups of students who will be affected
29 by the proposed fare increase - those who are eligible for
30 transport concessions and those who are not. Although the
31 issue of concessions does not lie within the mandate of
32 IPART, we believe that it is important to be aware of this
33 difference in assessing the financial impact on passengers.
34
35 The largest group of students who are ineligible for
36 transport concessions are, of course, international
37 students. Although the Administrative Decisions Tribunal
38 ruled in March last year that to deny international
39 students transport concessions was discriminatory, this
40 decision was made void by an act of parliament exempting
41 the Transport Act from discrimination provisions.
42 Therefore, many students affected by this fare increase are
43 full-fare paying students who are, in addition, ineligible
44 for the tax-free threshold, pay much higher fees and face a
45 lot of other structural and economic discrimination.
46
47 In effect, the ministry's proposal contains three main

1 recommendations - a 6 per cent increase in Sydney fares, a
2 6 per cent increase in Newcastle, and an adjustment to
3 rural and other regional fares including the outer
4 metropolitan fare harmonisation.

5
6 As you would no doubt be aware, the rationale for
7 increasing fares in Sydney and in Newcastle is
8 fundamentally different. In effect, patronage for the
9 Sydney contract area has increased along with fare revenue;
10 whereas patronage for Newcastle services continues to
11 decline. The rationale given by the Ministry of Transport
12 for the fare increase in Newcastle is that, as patronage
13 has decreased, fares should increase to recover the decline
14 in farebox revenue.

15
16 Given there has been no improvement to the Newcastle
17 bus service over the course of the year and there has been
18 no effort to market the bus service, this contradictory
19 argument is completely unsatisfactory to students and we
20 are, to say the least, surprised that the Ministry of
21 Transport would expect IPART to accept this argument. Most
22 people who have any alternative in Newcastle do not use
23 public transport because the service is too expensive,
24 unreliable, infrequent and insufficient for their needs and
25 a further fare increase would do absolutely nothing to
26 encourage people back into buses, and really this is what
27 is crucial in an era of climate change, increasing
28 population and increasing social equality.

29
30 Might I just add to that that the infrastructure
31 investment in Newcastle lags well behind the Sydney
32 infrastructure investment. Only 25 per cent of Newcastle
33 buses are of the newer type as opposed to 42 per cent of
34 the Sydney buses. Most of the infrastructure expenditure
35 has been in Sydney.

36
37 With regards to the community consultation, we have
38 been invited to a review process and we do welcome that.
39 We have been told that the process will involve going to a
40 transport consultant to work out the service before
41 community consultation occurs. We believe that is the
42 wrong way around. We have also been told that there will
43 be no additional kilometres in Newcastle and that services
44 will be adjusted, timetables will be changed, and this will
45 affect the community.

46
47 With regard to on-time running, on-time running

1 statistics come from the point at which buses leave the
2 service. This does not correspond to the reliability of
3 the service as it affects the passengers. I take buses to
4 go to work. I have to be at work at 4 o'clock. Over the
5 past six months, half of the buses that I have taken on
6 that particular route have been 20 minutes late, as such I
7 have been late to work. That situation obviously affects
8 working students.

9
10 Although each fare increase has a relatively small
11 financial impact on passengers, on inflation and on the
12 environment, we believe it is critical that these changes
13 be examined in light of the bigger picture of a 36 per cent
14 increase since 1997, should the proposed changes be
15 accepted. Bus fares in Newcastle have increased 8 times
16 over 10 years, and there must be a point at which this real
17 increase in fares ends, especially if the service itself
18 does not improve. We believe that IPART has the
19 jurisdiction to set patronage and service targets for the
20 State Transit Authority and to deny any fare increases if
21 the service that does not show improvement in meeting
22 these targets. Patronage on paying services in Newcastle
23 has decreased, but the impoverished students should not
24 be a source of additional revenue for the STA especially
25 since the reduction in patronage is not the fault of students.

26
27 It should also be recognised that the financial dividends
28 from public infrastructure such as public transport do not
29 come solely from the farebox. An improved and cheaper
30 public transport system has many economic benefits,
31 such as increased business revenue and taxation revenue
32 decreased health costs due to fewer road accidents
33 and decrease in pollution, increased attractiveness of the
34 region to tourism and capital investment and a healthier
35 economic vitality of the region.

36
37 Most importantly, public transport is central to
38 meeting our social and environmental goals. It is
39 absolutely critical. For students, such as myself, who, in
40 many cases, have no access to private transport, it is
41 absolutely critical that public infrastructure be provided.
42 That is essential to students living in poverty and to
43 other disadvantaged people in the community.

44
45 Once again, we welcome the opportunity to advocate for
46 students before an independent tribunal and strongly
47 believe in the importance of this tribunal. We ask IPART

1 to defer the 6 per cent fare increases and to consider a
2 reduction in fares to increased patronage and government
3 investment.
4
5 We encourage IPART to set service and patronage
6 targets for Newcastle buses. If Newcastle buses continue
7 to be so over-represented in submissions to IPART, we
8 believe that it is critical that all the further
9 consultation processes include a public forum in Newcastle.
10 About half of all the submissions to IPART came from
11 Newcastle and a Newcastle forum must be held.
12
13 MR COX: Thank you very much for that. We note the
14 interest from Newcastle. Have I picked up from your
15 presentation that students other than international
16 students travel on concession fares?
17
18 MR MOYLAN: Most students other than international
19 students travel on concession fares. There are other
20 exceptions. You have to meet a range of conditions,
21 full-time study, permanent residency, that type of thing.
22
23 MR COX: But the majority of Australian students would
24 have access to concessional fares?
25
26 MR MOYLAN: Yes, but international students contribute
27 something like 18 per cent to the New South Wales
28 economy. Because they face such structural discrimination
29 and they are great participants in our community, we
30 have a huge sense of solidarity with international
31 students who suffer having to pay full fares,
32
33 MR COX: Sybille?
34
35 MS KRIEGER: I have no questions, thank you.
36
37 MR COX: Thank you very much for that. Next I think we
38 have Mr Banyard.
39
40 MR BANYARD: My name is Rick Banyard. I am an
41 individual from Newcastle. I am also involved
42 in a number of organisations and I am a member of
43 Throsby Forum. There are a number of points that I would
44 like to make and issues that I would like to deal with.
45
46 First of all, buses in Newcastle are a major issue to
47 the residents of Newcastle, and the dissatisfaction with

1 the buses it is the key. It was one of the prime reasons
2 why Jodi McKay got elected as the Labor Party member in
3 Newcastle. I have here a brochure of hers, just on buses.
4 She campaigned very extensively and said, "Public transport
5 in Newcastle is one of my top priorities." She put
6 forward, as part of her strategy a five-action plan, which
7 she has been attempting to have implemented, but has not
8 been getting very far. The media is continually referring
9 to this problem. There are articles in the paper, and
10 whatever. I have in my hand a number of relevant clippings
11 taken from the Newcastle Herald in the last few weeks. It
12 is not like this is not a topical issue.
13
14 The bottom line is that the present service is not to
15 the standard that commuters in Newcastle want. It does not
16 integrate with other services. It does not integrate with
17 private bus facilities that are available. It just does
18 not provide buses for people when they want them and to
19 take them where they want them to go.
20
21 As part of preparing my submission to be lodged for the
22 hearing and as part of my seeking information to produce
23 my documents today, the day after the Ministry of Transport
24 document appeared on the IPART web site, I wrote to the
25 Ministry of Transport, and I said, amongst other
26 things:
27
28 Section 1.1 lists arguments in support of
29 the Sydney Fare increase however has no
30 basis for fare increase in Newcastle. Can
31 you provide me with your justifications for
32 seeking a fare increase in Newcastle?
33
34 Today, despite numerous requests for an answer, I have
35 still not been provided an answer. The representative from
36 the Ministry of Transport, who is sitting across the table,
37 couldn't give you any answers when that question was
38 asked of her a minute ago. She just simply said that they
39 believed that the services in Newcastle offered value for
40 money.
41
42 I do not believe the Newcastle services offer value
43 for money. That is why the patronage is falling and that
44 is why people are not climbing on the buses. That is the
45 fundamental problem that is continually escalating the
46 issue.
47

1 The State Transit Authority has not published its annual
2 report which is normally published, displayed and in
3 circulation in October of each year, if not before. It is
4 not available. Throsby did attempt to get hold of that
5 document. I made some phone calls, and we couldn't get
6 that information, so the documentation we put together
7 was put forward in the absence of the annual report which
8 would have had the most recent figures.
9
10 We were able to extract the exact figures for the
11 last five years for which reports have been furnished.
12 Now, 16 months later - over a year - we have no up-to-date
13 information. With the Ministry of Transport and State
14 Transit not providing figures, it makes things a little
15 difficult.
16
17 I wish to move now to speak about some of the other
18 issues, apart from the fact that I am rather unhappy about
19 it taking us 4.75 hours by public transport - i.e., the
20 trains - to travel between New South Wales's two biggest
21 cities. I think that is an indictment of the total system.
22 Based on our experiences in travelling from Newcastle and
23 the shambles involved in getting to Central Station, we
24 certainly were not prepared to jump on a bus and risk a
25 trip up here to Town Hall.
26
27 From our observations, the Newcastle system is loaded with
28 lots of areas where I think costs can be cut, services
29 improved, patronage can rise. John Hayes mentioned Hunter
30 Street a few minutes ago. On a normal weekday, about
31 320 buses travel up and down Hunter Street, some 275 of
32 those are State Transit buses. Those buses frequently
33 travel up the street, nose to tail, one behind the other,
34 all with a very small numbers of passengers.
35
36 If you simply took out all of the buses that are
37 duplicating each other, two things would happen: one, is
38 that you could reduce the length of the bus stops in
39 Newcastle CBD. Instead of their being one, two, three and
40 four buses in length, the bus stops could all go back to
41 being one bus length. That would increase the revenue
42 going to Newcastle City Council as there could be extra
43 parking meters. There is not just a cost to the patrons or
44 to State Transit to consider; other organisations could
45 also be losing money - so that is one thing.
46
47 Apart from any benefit you might gain in reducing the

1 size of the bus stops, the savings to be gained from using
2 smaller buses - the documentation on how I calculated these
3 figures is in my submission - works out to \$1,200 a day or
4 \$250,000 a year. That saving can be achieved by literally
5 taking the surplus buses out of Hunter Street and working
6 with the private buses that also travel down that street.
7 As John Hayes pointed out, that saving is equal to the fare
8 increase that you are looking for. The fare increase will,
9 in turn, result in a reduction in the number of bus
10 patrons.
11
12 Another issue is that in the total area of Hunter
13 Street and the Newcastle CBD, patrons travel fare-free.
14 There is a considerable fare-free zone. The statistics
15 about that fare-free zone are very hard to find, but the
16 observations from looking at the buses show that patrons
17 are not getting on those buses, even though they are
18 fare-free.
19
20 I fail to see how an increase in fares will increase
21 patronage when you have a major facility that is operating
22 fare-free that is not very well supported. If you divide
23 the number of people on those buses by the number of
24 services, I think it works out to an average of about 5
25 people per bus service. If you have only five people
26 getting on a 60-person bus, and it costs them nothing,
27 there is something else wrong with the system. That is the
28 fundamental thing that I am arguing about. That is what
29 the Throsby Forum, John Hayes, Darrell Harris and other
30 submissions from Newcastle are all arguing about, as is the
31 case with the local member, the newspaper, the media - the
32 lot.
33
34 One of the issues is clearly that the buses are not the
35 appropriate size for Newcastle. You simply do not need
36 buses that will carry 60 people when you do not have
37 anything like that level of patronage. The buses in
38 Newcastle are simply being issued out of Sydney. They
39 have been purchased as part of Sydney's requirements
40 without taking into account the requirements of Newcastle
41 at all. That is not right. State Transit's own figures show
42 that bus patrons amount to 1.3 people per kilometre of bus
43 travel - 1.3 people per kilometre of travel in a 60-person
44 bus. Something is definitely wrong.
45
46 The Night Owl services were recently introduced
47 supposedly in cooperation and liaison with the community
in

1 Newcastle to get the people who party on too hard in the
2 early hours of morning home safely. That service was
3 introduced last weekend. Not many people made use of it.
4 That service was introduced with bus times that were not
5 appropriate, and that is the community opinion, and it had
6 the effect of holding people in town longer. The worst
7 thing about that service is that it was introduced by
8 cutting some other services, and that was not a good thing.
9
10 One of the main reasons that nobody used that
11 service - time prevents me from explaining it, but I can
12 show you documentation here - is that basically the route
13 and the timetable were ill-publicised and ill-prepared.
14 The Premier's original release said the bus would terminate
15 at Wests Leagues Club. When Wests Leagues Club found out
16 that the drunks bus was going to finish there, they said,
17 "No way", so that had to get changed.
18
19 On the Thursday night, which is the night before the service
20 was commenced, there were no details on State Transit's
21 web site of that bus route. How were a whole lot of drunk
22 people going to find a bus that they didn't know was going
23 to operate? How would they know the time and the
24 route it was going to travel. That lack of detail was not
25 conducive to their knowing about and using the service -
26 therefore, that was a failure.
27
28 I organised for the Unsworth report to be circulated, Jodi
29 McKay referred us to the Unsworth report. She said that
30 one of the prime things in the bus review and in her five-
31 point plan was to try to implement the Unsworth report
32 recommendations in the Newcastle area. On behalf of
33 Throsby and myself and for Jodi, I went through and put
34 Newcastle comments against the government's response,
35 and that has been circulated around the room.
36 To date, not one person - be they from Newcastle, State
37 Transit, the Ministry of Transport, Jodi's office, be it
38 Jodi, or any government minister - has said that my
39 comments and responses were incorrect.
40
41 The buses do not go where they are needed. Newcastle is a
42 fairly spread-out place with a relatively low population, but
43 it has some critical places. It has John Hunter Hospital,
44 Belmont Hospital and the Mater Hospital, just to take
45 three. As part of the reorganising of New England and
46 Hunter Health, specialist units are being moved
47 to each of those three facilities. Mater Hospital is being

1 redeveloped. A major redevelopment was carried out at John
2 Hunter. In that major redevelopment at John Hunter, there
3 was no new bus terminal and no new bus facilities. Buses
4 still park in a sort of an alcove - you are lucky if you
5 get a little bit of shelter out of the breeze and the rain.
6 The bus stop is no longer adjacent to what is now the new
7 main door. With regard to the bus facilities to the Mater
8 Hospital, which is under construction, no provision seems
9 to have been made for put-down areas, terminals, whatever,
10
11 Belmont Hospital is out in the sticks. Belmont
12 Hospital is about four kilometres from Belmont itself. You
13 can get a bus to Belmont. Say your son is in the Belmont
14 Hospital, and you decide to take the train to Newcastle to
15 go to visit him, once you have hopped off the train in
16 Newcastle, you have to get on a bus from the station to
17 Belmont, but that bus will dump you four kilometres out in
18 the scrub - and that is the service to Belmont Hospital.
19 If you are lucky, you can find the occasional bus that will
20 go round there, but it will go round the world. I realise
21 time is pressing.
22
23 MR COX: Can I encourage you to conclude briefly, please.
24
25 MR BANYARD: There are lot of other things I would like to
26 say but I will cut it short. Safety is a major issue. Without
27 proper safety standards, the potential to have some
28 horrific accidents is desperate. There are buses pulling
29 up on major thoroughfares in the middle of traffic just at
30 will.
31
32 This particular photo is on a blind corner - not on! Somebody
33 will clean up the back of a bus and/or the people
34 there. I have other photos I can show people. When you
35 look at other facilities and safety, this next one is of
36 the prime bus terminal at Newcastle railway station - a
37 couple of chairs stacked underneath an about to be
38 demolished motel, no lighting, no security, nothing. That
39 is safety; that is customer facilities.
40
41 I would like to make a comment about that. There are
42 no CNG buses or equivalent in Newcastle. There are no
43 facilities for that. Any potential cost savings for that
44 are not extended to Newcastle. The buses that have been
45 purchased are claimed to be Euro 5. Those involve old
46 buses that are Euro 4 with an adaption that feeds urea into
47 the exhaust system to stimulate those qualifications. They

1 use about two litres of urea per 100km to feed that
2 injection system. I don't think that is good for the
3 environment and the worst thing about the environment as
4 far as Newcastle is concerned and the bus operation is that
5 if you divide the emissions from the bus by the number of
6 passengers on the bus, the emission levels are
7 skyrocketing.

8
9 The final thing I would like to draw attention to is
10 that I have circulated - it should have been circulated -
11 an operating statement and projections. On that operating
12 statement are the costs directly from the annual reports of
13 State Transit. There is a guesstimate for the 2006 annual
14 figures because they are not there. However, a lot of
15 those figures can be extrapolated out of other documents.

16
17 I assume you have all got copies of this, because they were
18 done. There are two other columns. One attempts to
19 demonstrate what would happen with a 6 per cent fare
20 rise. The second attempts to demonstrate what
21 would happen with a 5 per cent fare reduction with a
22 rearrangement of the bus fleet and the ferry activities.

23
24 Just quickly in passing, I did want to talk about
25 ferries.

26
27 MR COX: I need you to finish now.

28
29 MR BANYARD: We have two ferries running one service.
30 The bottom line of the graph - I will finish with this - if
31 anybody wants to ask me about this, I can justify it, but
32 basically the operating costs in recent years have been
33 about 95 cents per passenger is what the loss is in the
34 operation and the loss per kilometre has been about \$1.31.

35
36 This table suggests that, with a 25 per cent reduction in fares
37 and a reorganising of the services, base passenger numbers
38 will go up, as the number of drivers goes up, costs
39 come down, and you end up basically breaking even, 0.3
40 cents and 0.5 cents. I suggest that model is definitely
41 worth looking at. Thank you.

42
43 MR COX: Thank you very much. I think it is worth
44 pointing out that we are here to determine fares, that we
45 are not responsible for running a bus service in Newcastle.
46 The issue from some representatives is that you do not feel
47 you are getting a good service to justify the MOT 6 per

1 cent increase, so that is a point I would encourage the MOT
2 to respond to.

3
4 MS QUILTY: We have put forward our arguments in our
5 submissions and I have spoken to that already.

6
7 The only other point I would make is that community
8 consultation is really important. It is now a requirement
9 of the new contract and regime. It wasn't there before and
10 obviously the process that is about to commence in
11 Newcastle, I think will be a very productive and
12 informative and lively one and I will certainly be
13 conveying that message to our bus planning people who
14 will be organising those consultations.

15
16 I certainly think all of these issues will be put on
17 the table then and there will be a process for working
18 through them.

19
20 MR COX: I will now take questions and comments from
21 people sitting in the back of the room, if you could
22 introduce yourself for the record, please, and be as brief
23 as possible.

24
25 MR HARRIS: Darrell Harris, from Newcastle. I have put in
26 an individual submission and raised numerous issues,
27 particularly concerning about the competency of senior
28 management of the STA and the MOT, the superficial
29 nature of their dealings with Newcastle and their
30 continual misrepresentation of patronage by excluding
31 the fare-free zone and a failure to do any detailed analysis.

32
33 In terms of your submission, you note about \$960m is
34 to be spent on bus infrastructure, priority measures,
35 transit lanes, et cetera. Can you please tell us exactly
36 which of those \$960m will be spent in Newcastle on bus
37 priority measures and can you identify the project? That
38 is the first question.

39
40 MR COX: We will take all the questions and get a response
41 at the end.

42
43 MR HARRIS: The other one, in terms of bus replacement, a
44 comment actually: I note that the Newcastle fleet was
45 reduced by 11 buses. In terms of bus replacement, the
46 inclusion of that in the submission is that this should
47 justify a fare increase. The actual reasons for bus

1 replacement are mismanagement, very poor planning and
2 poor management. They allowed the STA fleet to blow out,
3 to over 13 years age. If they had not reduced the bus fleet
4 by the end of last financial year, it would have been 13.4
5 years of age, instead of the requirement that it be under
6 12 years of age.
7
8 The second reason, I actually mentioned this earlier on, for
9 getting rid of the buses out of Newcastle is because
10 Hamilton depot will not fit the new buses if they maintain
11 the same fleet size. That is another demonstration of their
12 unwillingness to spend money on infrastructure in
13 Newcastle. The Belmont depot would have
14 needed expansion. I do not support that, but I will not go
15 into that here.
16
17 The third reason, again, represents mismanagement and
18 planning because there is a big rush to get it in, that they
19 will struggle to meet requirements under Federal
20 Government policies, including the DDA 1997 and the
21 latest Human Rights and Equal Opportunity Act 2002, that
22 25 per cent of bus services have disability access by
23 December 31, so they had to get these buses to meet the
24 age requirements and to meet this deadline of 31 December.
25 That is rapidly approaching. It is not actually a
26 justification at all. It is catch-up.
27
28 I also note in the past when the MOT was asked at previous
29 fare increases, they never informed IPART that the
30 bus fleet was getting out of date, that it was failing to
31 meet obligations, so to then bring it in now is just to me
32 completely irrelevant.
33
34 The other thing, it has been confirmed, they talk in
35 their submission a lot about the 2.5 million kilometres
36 that have been provided in Sydney. There was a Newcastle
37 Herald article just the other day, my friend talked about
38 the night services, and it confirmed that services were cut
39 through the day to provide the late night services. The
40 local member says "more will go, more will go". We are not
41 getting any new kilometres in the bus services review, not
42 getting any of the money spent on bus infrastructure that
43 is spent in Sydney. The CEO of State Transit, Newcastle
44 buses, is actually quoted as saying "I asked for more
45 money" but his request was rejected. I have also heard
46 that he actually got carpeted for making that statement.
47

1 MR COX: We need to encourage you to move on to give
2 other people a chance.
3
4 MR HARRIS: One other question: Can you confirm that the
5 new access being made to John Hunter Hospital is bus
6 compatible and buses will be operating on it? Currently it
7 is a dead end, like a peninsula. There is a new access
8 road being built and the information I have is that that
9 new access road that would allow the buses to loop
10 through is not up to a standard to take buses.
11
12 MR COX: Thank you. Any other comments?
13
14 MR TREVASKIS: Mr Chairman, I am not sure just where the
15 Blue Mountains fits, whether we are regional and what is
16 outer suburban because the bus services operated by the
17 Blue Mountains Bus Co go from Penrith through to
18 Mt Victoria. Do I make comments about the submissions
19 in this one or do I sit down and look at coming in on the
20 regional bus system?
21
22 MR COX: I suspect you are outer metropolitan, so this is
23 the time.
24
25 MR TREVASKIS: Thank you, because under Unsworth we
26 didn't know where we were. We have discarded that, we
27 said: "Okay, we are the Blue Mountains, these are our
28 problems, let's face it."
29
30 Fortunately we have only one bus company on the
31 mountains now, which has been very cooperative. Their
32 target is to meet the 25 per cent of the services be the
33 easy access program.
34
35 We agree with the harmonisation of fares because there
36 was a discrepancy between Blaxland, Springwood and the
37 Cranebrook area. The figures, using the bus service on the
38 mountains anyway, is averaging three per trip, and out of
39 that, one out of the three is paying full fare. The other
40 two are paying a concession fare.
41
42 We are struggling to address local access issues. It
43 is all right to get the local buses but unless there are
44 gutter systems that enable you to use that - and four years
45 ago we recognised that and we are cooperating with the
46 council to allow the use of low-floor because of the slope
47 of gutters.

1
2 Really the major issue now is, where do we go from
3 here with the fare structure, with harmonisation of fares
4 and to integrate the system, because an integrated system
5 is where we do most of our liaison with the bus company
6 on the introduction of the Tcard system. Until that is done,
7 you cannot have, well, the bus company has a reduction in
8 ten tickets, but the other ticket systems that are used
9 stop at Emu Plains, such as DayHopper, CityHopper, et
10 cetera, and we have to address that with RailCorp.
11
12 We do not want to do anything until Tcard comes in and
13 we know what is happening with Tcard. We did have to
14 struggle for the PET - pensioner excursion ticket - which
15 rolled out very slowly and we had to push the local
16 member for that. That did have a slight increase but it has
17 plateaued.
18
19 Turning to the future and what we are looking at, I am
20 glad there is a representative here from the students
21 union, as we are looking at negotiating with Penrith
22 Council to run services from the Blue Mountains directly to
23 the hospital, TAFE and the university, but we have to look
24 at fare structures when doing that because we feel that if
25 you have to get out of trains at Kingswood --
26
27 MR COX: We are running out of time, so can you conclude.
28
29 MR TREVASKIS: IPART in the future should encapsulate
30 a
31 lot of the ancillaries. Fares is only part of it; it is
32 getting to the bus or train. I will leave it at that.
33
34 There is one last thing that we found: RailCorp said
35 the average income is \$51,000. Well, in Katoomba there are
36 380 people earning less than \$26,000 a year. If you can only
37 afford \$200 a week for renting a house, that then leaves
38 123,000 people, which is not much leeway. We should
39 consider the lower income people and students in the low
40 income brackets. We tend to think, and this is a problem
41 with the Commuters Association, that those people
42 travelling up and down from the Blue Mountains every
43 day have a fairly large income and we are forgetting the
44 lower income people.
45
46 MR COX: Thank you. Any more comments? I will ask the
47 MOT to conclude.

1 MR HARRIS: I have asked a question.
2
3 MR COX: We will try to get you an answer.
4
5 MR HARRIS: I do have one other question. There was a
6 timetable change on 22 April, but why has it taken seven
7 months for up-to-date timetables to be still not available
8 for the 201, 334, 339, 312 and 314?
9
10 MS QUILTY: To answer --
11
12 MR HARRIS: Does that reflect your attitude to passengers
13 in Newcastle?
14
15 MS QUILTY: To answer your question in relation to funding
16 commitments for infrastructure improvements in your
17 area, the \$960m that is quoted in our submission is for up
18 to 2012. In terms of improvements and enhancements that
19 will need to be made in outer metropolitan areas, they will
20 be identified through the integrated network planning
21 process and the community consultations that will be held
22 as part of that and we are still completing those processes
23 for the metropolitan area and haven't yet started them for
24 the outer metropolitan area. It does not mean that there will
25 not be funding required for those things, but I am not able
26 to identify what the particular projects might be at this
27 stage.
28
29 In relation to your issue about the funding of new buses, I
30 just wanted to point out that we are now operating under a
31 completely different funding arrangement whereby the
32 MOT now purchases bus services and pays operators for
33 the costs of those services, including the purchase of new
34 buses. We are now retaining the farebox revenue. We are
35 responsible for preparing the submission, which wasn't the
36 case in the past, and we think that the cost of those new
37 buses is relevant to what the fare increases should be.
38
39 The issues about the access road to John Hunter and
40 the timetable I can't comment on.
41
42 MR ROWLEY: I need to take that on notice. My general
43 manager is not here. I would expect if you wanted to find
44 out that information, a call to the traffic committee or
45 the traffic engineer at the council that is involved would
46 provide that information. They would have all the drive
47 paths and so forth.

1
2 In relation to your issue about the public timetables,
3 I agree totally, that is unacceptable if that has occurred.
4 We have taken note of that and that will be dealt with as
5 soon as I get out of here.
6
7 SESSION 2: RURAL AND REGIONAL BUSES
8
9 MR COX: We will now move on to the second session, rural
10 and regional buses.
11
12 Just to clarify, the tribunal will make recommendations on
13 increases to maximum fares that can be
14 charged for commercial bus services, of which there are
15 about 70 operators. It intends to do this using the Bus
16 industry cost index, or BICI.
17
18 The tribunal will also make recommendations on the
19 revenue required by operators of non-commercial services
20 where no fares are collected - typically school bus
21 services. There are currently around 1,700 non-commercial
22 services run by around 700 different operators. The
23 revenue requirements for them are calculated using a
24 model as the PricewaterhouseCoopers model.
25
26 The tribunal will apply the existing PwC model this
27 year but notes that the MOT is currently reviewing this
28 model as part of its review of funding and contracting
29 arrangements for rural and regional bus services.
30
31 For commercial services, the tribunal is suggesting a number
32 of changes to the BICI with the aim of making the approach
33 more independent, transparent and cost reflective.
34
35 To help stakeholders provide comment, the tribunal has
36 put forward some alternative inflators that could be used
37 to measure cost increases. The tribunal has also asked Indec
38 Consulting to make recommendations on the weighting
39 of costs in the BICI. Indec's report is now available from
40 the IPART website. The tribunal will accept submissions on
41 the report until Friday 16 November.
42
43 In relation to rural and regional bus services, the
44 tribunal is particularly interested in hearing about any
45 reasons why the alternative inflators suggested by the
46 tribunal in its issues paper released in August are not
47 appropriate; specific reasons why the 1.5 per cent per year

1 productivity gains identified for STA buses in its recent
2 wage agreement might not be reached by private operators;
3 any concerns identified with the recommended cost
4 weightings for the BICI set out in the report provided by
5 Indec; and which set of Fueltrac data is most appropriate
6 for inclusion in the BICI, for example, retail pump prices,
7 the terminal gate price, the card list price or other
8 measure.
9
10 The first presenter for the session will be
11 Darryl Mellish of the Bus and Coach Association, followed
12 by David Gotze of Indec Consulting, who will present
13 Indec's report and recommendations on the weighting of
14 costs in the BICI, then we will go round the table for
15 other comments.
16
17 Darryl, lead off, please.
18
19 MR MELLISH: As you indicated, the services are varied and
20 range from very small operators to very large operators.
21 Generally a town with more than 7,500 people has a town
22 service and villages of greater than 500 people have a
23 village to town service, with the BICI index, as you
24 indicated, relating to the maximum fare scale that is used
25 r determining a funding model for commercial regional
26 and l bus services, and fares in that model have been
27 indexed according to the so-called BICI now for many
28 years e BCA has submitted a revision or update of the BICI
29 in its normal way.
30
31 That results in an increase of 2.59 per cent, which is
32 in the submission, and we support the issues paper and the
33 discussion on ways of improving the BICI.
34
35 We note that the work on the weightings has been
36 completed and we look forward to hearing about that
37 shortly. We support the work on the weightings.
38
39 In our submission we also indicate that we are 80 per cent
40 rough major reforms in the New South Wales regional
41 bus area and we expect to roll out new contracts, new
42 funding models and new service plan guidelines within the
43 next six months. As our submission indicates, until those
44 new contracts' funding models and guidelines are
45 produced we feel it is appropriate to stick with the system
46 that has been in place for sometime.
47

1 In response to the inflators that have been discussed
2 in the issues paper, our general position is that we
3 support the need for transparency, independence and
4 accountability. We feel that the indicators should be as
5 industry specific as they can if they are considered a
6 reasonable indicator for the industry. The indicators and
7 inflators have been there for over a decade and we believe
8 they are robust and have proved to be successful and a
9 fundamental issue in understanding the bus industry cost
10 index is realising that only measures change from one
11 period to another. It is not the quantum of the dollar
12 that measures, it is the change. If you get the benchmarks
13 right and the inflators right, as long as you are
14 consistent with them from year to year you are measuring
15 the difference in the change.
16
17 In general we support the continuation of the industry
18 specific inflators and we feel that they have served well,
19 particularly in relation to the regional and rural
20 commercial operators. It is probably more appropriate that
21 I not comment on the weightings until after the
22
23 submission. In relation to productivity adjustments, in view
24 of the development of the reforms, productivity
25 considerations should be deferred until the outcome
26 of the regional and rural reforms is complete and in our
27 submission last year we highlighted that, in our current
28 environment, productivity losses in fact outweighed
29 any productivity gains.
30
31 We also called for an agreement on how to measure and
32 calculate any productivity adjustments, so in general we
33 feel that they should be considered as part of the regional
34 and rural reforms where the ministry is setting new
35 standards of service, new performance measures and new
36 reporting.
37
38 Commenting briefly on the non-commercial model, we
39 submit that the model which has been done in the
40 traditional natural way we believe is an appropriate model
41 to use until a new model is developed.
42
43 In regional and rural areas, the audience may know
44 that the vast majority of the transport for bus services is
45 school students and in most country towns and villages
46 there is very little patronage from the adult concession
47 population because they usually have access to a car. But

1 we do provide minimum service levels in those towns and
2 operators do charge a fare to encourage people to travel on
3 the service below the maximum level.
4
5 We did submit a survey indicating the significant
6 discount that is applied in rural and regional bus services
7 to try to attract bus passengers below the maximum fare
8 level that is set. I think I will conclude there.
9
10 MR COX: A couple of issues are worth following up. The
11 first one is the vexed issue of productivity adjustments,
12 where you say that productivity losses are greater than
13 gains. Can you explain what you mean by that?
14
15 MR MELLISH: We have timetables which we have to operate
16 and the driver has a set roster and a set shift and he is
17 not able to drive faster or cut corners to achieve a change
18 in the timetable. Any efficiencies that we have been able
19 to gain through the use of computers or modern
20 communication we believe has been more than balanced
21 by the additional compliance burden and additional
22 administration placed on the industry.
23
24 MR COX: The other thing I would like to raise with you is
25 the issue of industry specific inflators. I guess our
26 concern has been with that how we verify it and can we be
27 satisfied we have an independent measure, not one
28 dependent on from just a few? Can you expand on how
29 you think that we can be satisfied that costs arising from the
30 specific indicators are valid measures of the cost increases
31 faced by the industry?
32
33 MR MELLISH: We support the transparency and
34 accountability argument, that if the existing range of
35 suppliers or producers of the information needs to be
36 expanded, or obtained from an independent party, we feel
37 we can overcome that issue. If more suppliers were asked
38 for quotes and they were consistent from year to year and
39 done independently of the association, we think that would
40 overcome the issue of transparency and accountability.
41
42 We feel that, when you examine the cost increases
43 against the work that has been done by the ministry, it is
44 in fact proven to be quite robust and reliable. We are not
45 opposed to changing the way that the number of suppliers
46 is used or the number of quotes obtained.
47

1 MR D'APUZZO: Could I make a comment?
2
3 MR COX: Yes.
4
5 MR D'APUZZO: The bus industry cost index has a number
6 of components. One relates to capital and the capital is just
7 a bond rate. So irrespective of what we decide to do, it
8 is still an external, easily obtained interest rate. The
9 fuel is the same; it is just an external suppliers' sort of
10 cost, and it's diesel in our case more so than anything
11 else. So we get a specific price rather than a movement in
12 fuel in general which may affect petrol and the like.
13 Wages is the award; so it is driver specific rather than a
14 weighted type of index that is proposed. Insurance is the
15 same - it is bus specific; it solely relates to our
16 industry. The other things are based on the CPI, anyway,
17 so we believe it just gives us the right emphasis to use
18 industry-specific costs.
19
20 MR COX: Thank you for that. Sibylle, do you have any
21 questions?
22
23 MS KRIEGER: No, I have no questions.
24
25 MR COX: We will now move to Indec and ask David
26 Gotze to put forward his proposal.
27
28 MR GOTZE: Thank you. We were asked to review the
29 bus cost industry index weightings as applied to the regular
30 indexing of the bus costs. For the purpose of doing that,
31 we conducted a survey. With the help of the Ministry of
32 Transport we identified 78 separate commercial entities
33 with which they have a commercial contract and we had a
34 very pleasing response. Some 35 operators responded and
35 I think they should be commended for their efforts. They
36 had a very short time frame and they did a terrific job.
37
38 Of those 35 responses that we received, a number of
39 them were quite late in the piece so they were not included
40 for the purpose of this report, but I will comment on that
41 later. Two were discarded, one because of incomplete data
42 and with the other one, the operator was an outer suburban
43 operator. We followed up a number of these responses
44 where we saw anomalies in the data and people were very
45 helpful in clarifying their costs. In some cases those costs,
46 once clarified, were amended accordingly.
47

1 We have recalculated the weights in a number of
2 different ways based on the survey results. We used a
3 simple average, which basically averages 29 operators and
4 treats them as all equal. We used the weighting average
5 which takes relative size into account and we formed the
6 view that, in our opinion, the weighted average will
7 provide the best representation of the average cost
8 experienced by the group.
9
10 We also went to some trouble to establish that there
11 are in fact different cost experiences depending on the
12 size of the operator. This is not unexpected. However, as
13 there is a single rate to be set or a single set of
14 weights, we noted the differences, but we still feel that
15 the average cost, as we have outlined and recommended in
16 the report, is a good representation of the group as a
17 whole.
18
19 I think that would probably be enough of a summary
20 unless you wish me to cover any more.
21
22 MR COX: The impression I got is that the index has not
23 greatly changed in terms of weights from the one we had
24 before.
25
26 MR GOTZE: That's correct, it was quite a good
27 representation to start with. There were some shifts,
28 which are not surprising given the time frame since the
29 last survey was done, but we noted the weights that the
30 survey produced are quite close to the BCA's own
31 submissions and we don't think it is very sensitive either
32 way.
33
34 In fact, since publishing this report, we have
35 included the survey results of the additional four
36 operators who were a bit late with their responses and it
37 made very little difference, so we still stand by this set
38 of figures.
39
40 MR COX: Thank you. Sibylle, do you have any questions?
41
42 MS KRIEGER: No, thank you.
43
44 MR COX: We will now go to Mr Banyard.
45
46 MR BANYARD: Thank you. My name is Rick Banyard. I am
47 an individual involved in a number of Newcastle community

1 organisations and I am also a past private bus operator. I
2 support the private system. I think it does a pretty good
3 job and I will make no further comments about that.
4

5 I will be quick this time. The cost of providing a
6 bus service to a community is basically made up of three
7 things. I think they are the cost of the products and the
8 services and the direct costs related to it. The route
9 that the actual vehicle follows is a cost, because the
10 route can be such that it provides a high level of customer
11 service or it can be a route that picks up a large number
12 of passengers - that is not necessarily the same thing and
13 that is an important point.
14

15 The other important issue is the bus size and the
16 operating cost. I strongly believe that the cost indexes
17 that are used should be calculated using an appropriate
18 sized vehicle for the job that it is meant to do. Using
19 costs, as State Transit does - for example, using a 60 or
20 70-passenger bus when you only have 10 or a dozen
21 passengers - does not seem to be a fair way to interpret
22 the figures.
23

24 There obviously has to be some flexibility built into
25 the system to allow operators to allow for the size of the
26 vehicles as they go up and down. My experience when I was
27 still an operator was that the contract system was fairly
28 flexible and allowed you to do that pretty well. Sometimes
29 operators grumbled, but generally it was a pretty
30 reasonable and a pretty fair system. I think that
31 mechanism is there and I think the system is fairly fair.
32

33 I also note that in last year's submission, the
34 Department of Transport made the statement:
35

36 Newcastle buses are an outer metropolitan
37 service. As such it is proposed that IPART
38 should consider fare rises in accordance
39 with the examination of the costs through
40 the BICI.
41

42 Then the paragraphs underneath describe State Transit's
43 buses. The situation in Newcastle is that State Transit is
44 the major provider. We have other providers like Port
45 Stephens, Toronto Bus Lines, Blue Ribbon, Sugar Valley,
46 and so go on, so there's a big mix of private and public
47 people in the one environment. I think there is a very big

1 argument in favour of the tribunal - I see this as part of
2 State Transit's problem - putting State Transit under the
3 same sort of umbrella so that all the buses are working
4 together, all trying to meet the same needs under the same
5 price rationale. I see no reason why the cost index should
6 not be the way to determine how Newcastle services are
7 funded and operated or whatever. I think my proposal would
8 give you a much better result.
9

10 As a bus operator, I found it was always a very good
11 incentive for you to do the very best job you could because
12 the more bums on seat you could get, the bigger the bus you
13 could have and the more money you made. There was a
14 strong incentive as an operator to try to do the right thing
15 for the community and to be flexible in your operation and
16 your design in meeting the needs of schools and the needs
17 of all the other passengers. Thank you.
18

19 MR COX: Than you very much. Does the Ministry of
20 Transport wish to reply?
21

22 MS QUILTY: I wanted to say that, as you are aware, the
23 Ministry of Transport is going through the process of
24 developing options for rural and regional bus reform for
25 government consideration. As part of that, we have
26 engaged Ernst and Young to work with us and with the
27 bus industry to develop funding models for rural and
28 regional bus services. So we have consulted with Ernst &
29 Young in relation to the proposed inflators that were part of
30 the discussion paper.
31

32 Ernst & Young have advised us that replacing the
33 current producer price indexes with more generalised
34 CPI-based indexes may be less reflective of the real cost
35 increases that bus operators are facing and that the
36 producer price indexes are a better indicator of the
37 increases out there for the bus industry.
38

39 Our thinking is that if it is a concern that it is not
40 an independent process, then maybe the quotes being
41 obtained by another party might resolve that issue, but
42 given that we are going through this rural and regional
43 reform process, and that these issues are under
44 consideration at the moment, we would caution against
45 replacing the current indexes with the more generalised
46 CPI-based ones.
47

1 We do not have any problem with the weightings that
2 are proposed, except to say that the baseline year would
3 need to be redone on the same basis so that you are
4 comparing like with like, but it was the indexes that we
5 thought were perhaps problematic.
6
7 In relation to the productivity adjustment, we
8 felt that there was no evidence put forward as to why the
9 1.5 per cent could be achieved in rural and regional areas.
10 We wanted it noted that rural and regional operators are
11 operating in a very different environment. lot of the
12 productivity gains that the STA can make are through
13 things like their pre-paid buses, where they can get people
14 on more quickly and reduce journey times and so forth, and
15 those opportunities just are not available for rural and
16 regional operators.
17
18 Also I wish to say that through the work Ernst & Young
19 is doing, it has become even more clear to us that there is
20 great variability in terms of operators out there. It is
21 not just to do with size; it is also to do with geographic
22 location. If you were to apply this productivity
23 adjustment to some of them, they would just not be
24 financially viable. On that basis, we would be arguing not
25 to apply that 1.5 per cent.
26
27 MR COX: It would be enormously useful if you could share
28 this Ernst & Young material with us at some time or other.
29
30 MR MELLISH: The industry doesn't have a problem.
31
32 MS QUILTY: Yes, okay.
33
34 MR COX: Thank you, I think that would help.
35
36 Does the Bus and Coach Association want to make any
37 comments?
38
39 MR MELLISH: No, thank you.
40
41 MR COX: Are there any comments from people sitting in
42 the back of the room?
43
44 MR TREVASKIS: When I hear all the discussion on fare
45 increases, I was wondering whether those attending, the
46 representatives from the Bus and Coach Association and
47 State Transit, should look at more marketing of the bus

1 services. We can keep on increasing the fares, but for
2 various reasons we are not attracting patronage in the
3 outer areas. Often the buses cease early in the evening
4 and we are not addressing the population there and how do
5 we grab them out of their cars? Our local bus company did
6 try to get people to take the bus to the station rather
7 than use the commuter car park, but unfortunately that was
8 not successful.
9
10 I am not sure whether the Department of Transport can
11 be the catalyst, if you like, for this particular approach
12 on marketing. We cannot keep on coming back here each
13 year to go through the same procedure. Although it is
14 worthwhile coming here because you do hear a lot and you
15 learn a lot, I think that, somehow or other, we have to
16 start looking at marketing.
17
18 On the Blue Mountains, we have two new MAN buses. My
19 information is you can drive them like a car and they are
20 very good, but we still get only two or three people in
21 them at a time. I am just making that comment to get it on
22 the record, if you like, to say how do we market the bus
23 services in the outer areas? I know State Transit does a
24 lot but I think we should really look at taking that
25 approach in the outer areas. Thank you.
26
27 MR COX: Any other comments? Does anyone at the table
28 wish to comment further? We have now concluded session
29 2. We will move on to session 3 on private ferries, and I
30 think there will be some rearrangement at the table again.
31
32 SHORT ADJOURNMENT
33
34 SESSION 3: PRIVATE FERRIES
35
36 MR COX: We might resume now for the third session, which
37 is on fares for private ferries. This session will
38 concentrate on the Commercial Vessel Association cost
39 index. The tribunal is suggesting a number of changes to
40 the cost index for private ferries this year with the aim
41 of making its approach more independent, transparent and
42 cost effective. Where possible, it would like to align the
43 indices it uses across transport modes. The tribunal is
44 interested in exploring some of the issues associated with
45 this today and in particular in hearing why ferries may
46 require industry-specific costs inflators or measures of
47 productivity.

1
2 In relation to private ferries, the tribunal is
3 particularly interested in hearing about any reasons why
4 the alternative inflator suggested by the tribunal in the
5 issues paper released in August should not be applied to
6 the private ferry industry, which set of the Fueltrac data
7 is most appropriate, and specific reasons why the 1.5 per
8 cent per year productivity gains identified for STA buses
9 might not be reached by private ferry operators.
10
11 The first presenter will be David Cribb from the
12 Commercial Vessel Association, and we will hear from
13 other people seated at the table. David, could I ask you to
14 introduce yourself, thank you.
15
16 MR CRIBB: Thank you very much, Mr Chairman. My
17 name is David Cribb I am the executive officer of the
18 Commercial Vessel Association of New South Wales. The
19 Commercial Vessel Association represents a large number
20 of the passenger-carrying vessels in New South Wales and
21 represents all the operators of private ferries, of which
22 there are seven.
23
24 The first thing I would like to do quickly,
25 Mr Chairman, is to apologise for the absence this year of
26 Anthony Howath, our association's president, and the
27 principal of Matilda Cruises.
28
29 The second thing I would like to say is that this year we
30 continue to be impressed, as we always have been since this
31 process began some years ago, with the cooperation and
32 help we get from your staff when the process is being
33 pursued and finalised, and I would like to thank you and
34 thank them for that.
35
36 Perhaps it is appropriate now to address those things that
37 you mentioned and also to emphasise a couple of other
38 points we made in our submission. The association does
39 wish to express its concern that the tribunal continuing to
40 move away from industry cost inflators, as you alluded to,
41 towards using more global ones. We also wish to express
42 our concern that fixing the cost index for five years will
43 disadvantage operators to the extent that a cost item can
44 increase significantly - as fuel may do in the present
45 regime where it looks like we are moving to crude prices at
46 more than US\$100 per barrel.
47

1 In section 19(2) of the Passenger Transport Act, there
2 is a requirement that fares be set having regard to
3 "inflationary movements in the costs of providing the
4 service." That clause is written into ferry operators'
5 contracts. We are of the view that the use of global
6 inflators rather than industry-specific inflators is not
7 consistent with that requirement of the Act and this
8 portion of operators' contracts.
9
10 We also believe that fixing the make-up of the index
11 for five years is not consistent with this requirement of
12 the Act. With the passage of time, the index moves further
13 away from the current make-up of industry costs so that
14 adjustments based on this incorrect index do not reflect
15 what has actually happened.
16
17 The tribunal continues to seek reasons for making a
18 adjustments to its final fare recommendation for labour
19 productivity gains. The association has demonstrated
20 again this year that there has been no increase in labour
21 productivity by showing that the employee numbers in the
22 industry are the same as last year, at 58 full-time
23 equivalent staff among the seven operators, and that
24 passenger numbers are down slightly. There has in fact
25 been a decrease in labour productivity, as a consequence.
26
27 It should be noted that ferries, for the most part, service
28 mature population bases which occupy foreshore land
29 that has been settled for many years. As time goes by,
30 there is little opportunity for operators to carry more
31 passengers from these kinds of population bases. This
32 applies as much to Sydney Ferries operating on the harbour
33 as it does to the other private ferry operators operating
34 in other parts of New South Wales.
35
36 IPART's continuing effort to find a reason for an
37 adjustment to the fare recommendation based on labour
38 productivity is now considering an output measure
39 different
40 from passengers carried - namely, journeys undertaken. It
41 is our view that a ferry operator's business is the
42 carriage of passengers for a fare. It is not their
43 business to undertake journeys. Journeys are only
44 undertaken to carry passengers. If there are no passengers
45 to be carried, journeys are not undertaken. For example,
46 Church Point Ferries does not operate a service at
47 9 o'clock, 10 o'clock and 11 o'clock at night during the
week because there are no passengers to be carried. It

1 only operates services when there are passengers to be
2 carried.
3
4 In the paper that you quoted from, chairman, related
5 to this morning's hearing you said that IPART noted that it
6 had received comments from other that:
7
8 The level of information provided in the
9 CVA submission is insufficient particularly
10 with regard to operational information,
11 revenue patronage and service quality.
12
13 Until September last - that is just a couple of months
14 ago - there was no requirement for operators to report any
15 information of this kind to the Ministry of Transport so it
16 was not uniformly collected and thus was not available.
17
18 Since October last, however, operators now report
19 quarterly on the number of passengers carried by type - for
20 example, full-fare paying, pensioners, school students - as
21 well as incidents of late departures and cancelled
22 services. This information will therefore be available in
23 CVA submissions in future years and will presumably be
24 available from the Ministry of Transport, if it is sought.
25
26 If this process for fare setting is to continue in
27 future years, we ask that the tribunal alter its program to
28 enable the ministry's director-general to make a fare
29 determination as at 1 December rather than as at 1 January,
30 which is the present arrangement. There are two reasons
31 for this proposal: first, operators' customers returning
32 from summer leave find that they are faced with newly
33 increased fares without notice, as they were away when the
34 operator posted the fare-increase notice a little time
35 before. The second reason is that operators would like to
36 make the most of the busy holiday season by being able to
37 charge the higher fares throughout this period rather than
38 just for the second half of it.
39
40 I neglected on my way through to comment on the item
41 about fuel. The paper asks for some guidance as to which
42 set of the Fueltrac data operators would prefer; namely,
43 retail pump prices, the terminal gate price, the card list
44 price or the wholesale price. All the seven operators,
45 except Matilda, which is operated by Captain Cook, buy
46 their fuel from retail outlets such as the local yacht
47 club; therefore, a retail price is the most appropriate

1 measure in the circumstances.
2
3 The association has been advised that, in future
4 years, it may be the case that the fare-setting
5 determination does away with the step of having the
6 director-general of the Ministry of Transport set the fare
7 at the same or a different level from that recommended by
8 IPART, instead leaving the IPART recommendation in fact
9 being the fare. If this were to happen, it would mean that
10 operators would have no avenue of appeal if they believed
11 that IPART's finding was not correct.
12
13 Operators are aware that appeals regarding IPART's
14 recommendations are to IPART itself. As a consequence, the
15 association would like to see the present arrangement
16 continue; in other words, the intervention in the process
17 of the director-general of the Ministry of Transport. Do
18 you know if that is proposed, chairman?
19
20 MR COX: The Ministry of Transport might want to comment
21 on what's proposed because I am not so sure myself. I know
22 there have been suggestions that it might go that way, but
23 I have not seen any detailed work on it.
24
25 MS QUILTY: The government is concerned to have a
26 consistent approach across the transport sector. In that
27 regard, having some fares determined by the
28 director-general and some by IPART is an inconsistency;
29 so, yes, it is under consideration.
30
31 MR CRIBB: We would like you to make it consistent by
32 having the director-general determine all the fares.
33
34 MR COX: But it is not an issue for determination today.
35
36 MR CRIBB: No, it is not an issue for today.
37
38 MS QUILTY: No.
39
40 MR CRIBB: Thank you, Mr Chairman.
41
42 MR COX: Thank you. We understand your comments on
43 productivity. On the fare index and the use of specific
44 indicators and so on, I guess our concern has been to get
45 independent and robust indicators. I would be interested
46 in any thoughts how this might be done while maintaining,
47 if you like, inflators specific to the ferry industry,

1 which seems to be your concern.

2
3 MR CRIBB: Our view is that there is a lot of readily
4 available data that is pretty much specific to our
5 industry. If you take wages, for example, there is a state
6 award which is specific to the operation of commercial
7 vessels. Any movements in that award, which are now
8 determined by the Fair Pay Commission, as we all know,
9 are publicly available information. At the moment, I think
10 IPART is proposing to use a thing called the wage price
11 index. Last year it used average weekly earnings. We say
12 that the WPI is really totally unspecific to any particular
13 industry, being a compilation of almost all the workers in
14 Australia.

15
16 Just by way of example, and I will not go on about all
17 the items in the index, in relation to insurance, in the
18 recent past, we have based our information on the rate of
19 change of the cost of insurance on advice provided by the
20 largest marine broker in Australia which insures many of
21 our members and also insures a vast number of other
22 vessels in New South Wales and the rest of Australasia.
23 Their advice has been that there has been no increase in
24 insurance premiums during the years leading up to this
25 year. This year, however, they advised that there would be
26 an increase of about 1.75 per cent.

27
28 The move this year towards taking the insurance
29 content of the CPI has disadvantaged us to the extent that
30 the insurance content of the CPI has had an increase of
31 zero this year. For the first time in some years, we have
32 been asking for an increase in insurance costs and this
33 year we will not get it because IPART has changed to a less
34 industry-specific inflator.

35
36 It is true, of course, that the inflators that IPART
37 might be seeking to use will sometimes give a better result
38 than the industry ones for us, and sometimes it will be the
39 other way around, but we would still like to go with
40 something we think is specific to our industry and
41 therefore accurately reflects the costs in the industry.

42
43 MR COX: Thank you very much. The next presentation is
44 from Allan Miles from Action For Public Transport.

45
46 MR MILES: I wasn't going to say a lot because I know very
47 little about ferries and even less about private ferries,

1 but I wish to make a few points relating to what David
2 Cribb has said. He started talking about a five-year plan.
3 In view of what Bret Walker's recommendations the other
4 day were, that is literally reorganising the deck chairs on the
5 Matilda because in three or four years, the whole scene
6 will be totally different and I would envisage one, or as
7 he did, two, operators this side of the bridge and two that
8 side of the bridge, so we need to keep Mr Walker in mind.

9
10 David also mentioned services are not provided because
11 the passenger are not there. That is a little bit dicey
12 because that is a chicken and egg situation. There may
13 well not be anybody at Church Point at 11 o'clock at night,
14 but as with State Transit, if they put a new route on and
15 they will fill up. I think we should be cautious about no
16 passengers and therefore no service.

17
18 With regard to the proposal that the fares increase
19 from 1 December rather than 1 January, I hesitate to use
20 the word "profiteering" but it put it is out of kilter with
21 all the other ferries.

22
23 First of all, I agree with David generally about the
24 use of an industry-specific index just as State Transit
25 has. Peter Rowley mentioned the high quality of the new
26 buses but each industry has its specific costs and I think
27 that David is quite right that industry-specific costs
28 should be used.

29
30 Now to my prepared speech: As mentioned in the APT
31 submission, the case for a fare increase for private
32 ferries seems to rest solely on the level of cost
33 increases. There is no mention of patronage, revenue,
34 service quality and so on. APT does not have the expertise
35 to comment on the various cost indices - I have just
36 contradicted myself. It is difficult, as David represents
37 seven different people all over the state, to get this
38 information but I am pleased to hear that it is coming now.

39
40 On the subject of productivity gains, it will be
41 difficult to compare the figures for the different private
42 operators even if they were ever so bold as to divulge
43 them. But David says they are doing that. The small size
44 of some of the operators would mean that one more or less
45 employee could result in a large percentage jump, while
46 with State Transit it would just be a smooth curve because
47 they have so many staff.

1
2 That is all, thank you.
3
4 MR CRIBB: Can I just comment on something. In relation
5 to the profiteering aspect of seeking a fare as at
6 1 December, it is important to note that the process that
7 we are embarked upon here means that the fare increase that
8 occurs at whenever it occurs is to compensate operators for
9 the fact that their operating costs have gone up during the
10 previous 12 months. It is not to recover the costs that
11 have gone up in the previous 12 months.
12
13 If we got a fare increase - I am speaking to the
14 converted, perhaps - on 1 January based upon some kind
15 of
16 average fuel cost increase for the last 12 months, and then
17 fuel went up on 2 January by another 20 cents a litre, we
18 would not get any compensation for the increase
19 throughout the year. All that would happen is that on the
20 next January 1 we could get a fare increase reflecting the
21 fact it went up.
22
23 I would just like to say that I don't think the
24 operators are seeking an opportunity of profiteering by
25 getting a fare increase earlier, they are a fair way behind
26 anyway and it is just a small catch-up.
27
28 MR COX: We will now go to Mr Banyard.
29
30 MR BANYARD: I am a Newcastle individual and a keen
31 photographer of Stockton ferry, et cetera. The reason I am
32 sitting around this table is originally I understood that
33 Stockton ferry, like the ferries, would be considered in
34 this discussion, and I would still like to go ahead and
35 make a few points about that.
36
37 The Stockton ferry is operated by State Transit, but
38 effectively it is a unit on its own and basically operates
39 as a commercial vessel operated with State Transit as the
40 owner rather than like Bundeena ferries or some other
41 organisation. Because of that, the costs and conduct and
42 procedures of Newcastle Ferries is then not consistent with
43 the majority of the ferries that are run in other
44 locations. Also, it would cause a conflict a little down
45 the track if other ferry services are introduced in some of
46 the Hunter waterways, which is possible in the future, and
47 it would be unlikely that State Transit would take them on.

1 Because ferry costs are imposed on the cost of
2 Newcastle buses it does not allow correct calculation of
3 some of the Newcastle bus figures. I would like to see
4 IPART make some comment in its report about the procedure
5 of in fact considering Stockton ferry as a bus - I guess
6 that is the quickest way of putting it - that it should be
7 considered as a commercial operator. If the Stockton ferry
8 was considered as an operator and it was an entity on its
9 own there would be a lot more initiative shown by that
10 group that runs it to in fact provide the ferry services
11 that Newcastle needs.
12
13 Patronage would go up. Unlike the comment that there
14 are not opportunities for further patronage, in Newcastle I
15 know there is opportunity for considerable extra patronage
16 I know you have been to Newcastle and looked down at the
17 waterways and seen the opportunities. There is a massive
18 development in the Honeysuckle area that has not been
19 addressed or serviced by ferry opportunities. There is the
20 Carrington area, which is the area the other side of the
21 harbour, the Stockton area on the ocean side, and then also
22 just beyond those is Newcastle airport, so there are some
23 massive opportunities for changes and adjustments to
24 ferries. I know from the "underground" that there is
25 actually a suggestion of running a ferry from Newcastle
26 harbour to Newcastle airport and that has been talked
27 about by some entrepreneur, so there are opportunities
28 there and I think it would be a good idea to do it.
29
30 The government is trying to commit the transport
31 facilities and whatever and I think that Stockton ferries
32 and its operation and conduct should be considered in the
33 light of the operation and conduct of the Commercial
34 Vessels Association. Thank you.
35
36 MR COX: Thank you, that is an interesting point.
37
38 MS QUILTY: I just wanted to say that, like others around
39 the table, we are of the view that industry-specific
40 inflators are preferable to global inflators and again, as
41 with rural and regional bus operators, our view is that
42 there wasn't any evidence that a 1.5 per cent productivity
43 gain would in fact be achievable, I think particularly in
44 the private ferry industry where we know that they have
45 limited control over some of their major costs such as fuel
46 and labour, so that is a consideration.
47

1 MR COX: Thank you very much. Any comments from
2 people in the audience?

3
4 MR MILES: NightRide buses are the buses that provide
5 services between midnight to 5am. Could IPART at least say
6 in its determination that it does not set the fares for
7 night ride but who does?

8
9 MR COX: We will certainly take that on board. I think we
10 will conclude there, so thank you to everyone for
11 attending, for an interesting morning and for
12 participating. Thank you.

13
14 AT 12.40PM THE HEARING CONCLUDED

15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47