

***Transit Planners* Pty Ltd**
Transport Planning Consultants

ACN 060 372 312
ABN 17 060 372 312

Phone: (02) 4920 9114
Fax: (02) 4920 9222
Email: tp@hunterlink.net.au

P.O. Box 576 Kotara NSW 2289
Unit 4, 2 Smith Street Charlestown NSW 2290

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Taxi, Private Bus and Private Ferry Reviews
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Sir,

Review of Private Bus Fares 2002

I am responding to the invitation in IPART's Discussion Paper DP51 to comment on certain aspects of fares and service quality in the private bus industry.

The approach I am taking stems from the requirements and objectives of urban sustainability. These issues have been well documented in recent studies by the Warren Institute at the University of Sydney.

Of particular relevance is the objective set by the State Government in its 1998 Action For Transport 2010 Plan that, in order to maintain air quality standards, 30% of journeys to work in Sydney have to be made by public transport (p. 10). This reflects a 50% increase on the current modal split.

Similarly, sustainability targets set in other major cities aim for a modal split for public transport in the vicinity of 20% of all trips on a weekday. IPART's Issues Paper notes that in Sydney the current figure is about 11%, about half of which relates to bus travel (p. 4).

The key requirement for sustainability is that public transport usage doubles from its present level, with an even greater increase in off-peak times. To enable this to happen, there has to be a significant increase in service quality, particularly frequency and integration. It is this increase in frequency that should hold the key to setting fare regimes that will encourage sustainable levels of public transport usage.

Bus service levels can be increased substantially in off-peak times at marginal costs, and these costs would be covered by revenue from even current patronage levels per trip. Increasing service levels in the morning peak hour may incur the cost of additional resources, depending on how much the local school and commuter peaks coincide.

It can be shown that, if bus patronage achieved the target levels for sustainability, the revenue generated at average fares would probably be sufficient to sustain a high-frequency bus service throughout the day. In other words, sustainability in public transport can be taken to mean high frequency services and viability for the operator (government or private).

There are many factors in achieving sustainable public transport levels. The main one of relevance in this submission is integrated fares. In order to encourage more people to use public transport, the fare regimes should be the same throughout the entire urban area, and there should be seamless integration of fares across operators, routes and modes. Such regimes apply successfully in other states in Australia and throughout the world.

'Integrated fares' is not the same as integrated ticketing such as is being proposed for the Greater Sydney Metropolitan Area.

Hence the first objective in the current fares review should be to move towards a common fare regime for both government and private operators. Any social policy payments by the government should be paid equally across the whole regime.

It has been shown in recent times that when the STA fare regime is applied to former private bus services (as in the Ryde area in Sydney), patronage increases of 15-25% have been achieved. Hence the arguments for an alternative to the 'cost index' approach, outlined in IPART's Issues Paper, seem to be justified.

It should be possible to show that the costs of increasing services to meet sustainable targets will be met by the revenue received from the increased patronage that would be achieved.

This would seem to be a reasonable approach to be taken by IPART in its review of private bus fares.

Yours sincerely,

Len Regan
Managing Director