



08 MAY 2002

Mr Thomas Parry
Chairman
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office NSW 1230

Dear Mr Parry

I am writing in response to the Tribunal's call for submissions regarding the 2002-03 review of fares for taxis, private buses and private ferries in NSW. In particular, I would make the following comments in response to issues raised in the submissions provided to the Tribunal by the Chartered Vessels Association (CVA) and Bus and Coach Association (BCA). In addition, I have attached some further issues raised in the BCA submission that require clarification.

Bus and Coach Association submission

The BCA makes reference to Transport NSW bus reform agenda and claims that it is causing uncertainty in the industry.

In response, I would advise that Transport NSW encounters significant difficulties in effectively contracting for the provision of bus services in NSW because of limitations of the Passenger Transport Act and the contract for commercial services that were developed in agreement with the BCA almost a decade ago. I would further advise that numerous reviews and reports have highlighted these limitations and their adverse effect on the provision of an effective bus system for the travelling public in Sydney and NSW.

The Government is keen to further the objectives of growing patronage, providing an efficient and effective public transport system and ensuring accountability and value for money. To this end, Transport NSW is undertaking a comprehensive review of the current regulatory and contracting systems for buses to identify options that will better meet Government objectives.

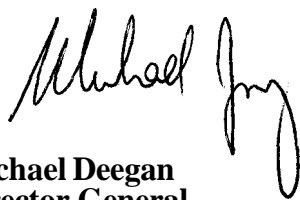
The BCA has been a part of the process to date, participating in discussion forums and providing information for the review and will continue to be involved along with other stakeholders, at appropriate stages. The BCA is aware that, until the Government is in a position to make decisions on bus reform options, the existing contracting and regulatory regime will continue in accordance with the Passenger Transport Act.

Chartered Vessel Association submission

The CVA submission states that the proposed approach for fare changes for private ferries has been agreed between the Tribunal, the CVA and Transport NSW. However, I would clarify that Transport NSW is relying on the CVA to comply with the requirements of the Tribunal's review process.

I trust this clarifies the role of Transport NSW with regard to both the private bus and private ferry industries.

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael Deegan". The signature is written in a cursive style with a large, looping final flourish.

Michael Deegan
Director General

Bus and Coach Association submission

The BCA suggests that there is little incentive for private operators to introduce new ticketing products under the current regulatory structure.

Transport NSW Response

Private operators are able to introduce new ticketing products under the current commercial contract. It is a commercial decision for operators, not a regulatory issue.

The BCA compares State Transit (STA) and private operator costs for providing services.

Transport NSW Response

Comparisons between STA and private operators do not provide for any reasonable conclusions to be drawn, eg. STA provides a higher quality and frequency of services.

The BCA claims that the Department does not have adequate resources or expertise to regulate the bus industry

Transport NSW Response

Over the past two years, the Department has undergone a considerable restructure. As part of that restructuring, the Department now has a Bus and Ferry Reform Branch that specifically deals with bus issues of a strategic/policy nature and a Modal Integration branch which deals with fares, concessions and accessibility issues across modes, including buses. Additional resources have also been provided in the Contracts and Compliance area to enhance management and administration of bus operation matters. Based on this, there are, in fact, considerably more resources dealing with bus issues than in the past. For example, within the Bus and Ferry Reform Branch, a Manager, School Student Transport Scheme (SSTS) has been employed so that improvements to the management of SSTS can be progressed and to address issues such as those raised by the Public Accounts Committee Inquiry into the SSTS.

The BCA states that it supported the Performance Assessment Regime (PAR) but the Government decided not to introduce it.

Transport NSW Response

In its submission during the PAR consultation phase, the BCA strongly opposed the introduction of the PAR, largely on the grounds of cost.

The BCA claims that operators currently operate under performance based contracts.

Transport NSW Response

This is not correct. Currently contracts contain few requirements in relation to performance outcomes, and service quality issues and reporting requirements are such that the Department is not in a strong position in relation to performance monitoring.

The BCA claims that the existing regulatory framework strikes a balance whereby for certain exclusive rights, operators take all the commercial risk.

Transport NSW Response

Operators take some patronage risk, However, issues such as cross-subsidisation from SSTS for regular route services and the lack of competition for contract areas considerably lower operator risks.

The BCA claims that data on operator patronage and revenue is available but the Department has not requested such data.

Transport NSW Response

The Department, the IPART and the PAC Inquiry have all raised the issue of inadequate data availability and data quality from operators. If the BCA is now in a position to provide detailed data for each operator that is a member of the Association, it would greatly assist the Government in ensuring that public transport in private operator areas is meeting the public's travelling needs. However this information, to the depth and quality required, has not been available to date.

The BCA claims that bus priority largely exists within the STA contract areas.

Transport NSW Response

An example of a significant bus priority measure within private operator areas is the M2 Busway. Additionally, the Roads and Traffic Authority provides funding for bus priority measures across the metropolitan area.

More substantially, the Government is progressing the development of a bus transitway network that is largely within areas serviced by private operators. The transitway network is estimated to cost around \$800 million and will provide for purpose built roadways, bus only lanes and other bus priority measures.

The BCA claims that commercial contracts require private operators to market their services and that operators participate in the 131 500 Infoline.

Transport NSW Response

Private operators participate in the 131 5000 Infoline at no cost. In this regard, the Infoline is a free marketing tool that the Government provides for private operators.