

A Submission to the Independent  
Pricing and Regulatory Tribunal for the  
Inquiry into Government Public  
Transport Fares

David Caldwell

6/6/2003

Dr. Thomas G Parry,  
Chairman,  
Independent Pricing and regulatory Tribunal,  
PO Box Q290,  
QVB Post Office,  
1230.

Dear Sir,

**Determination of Government public transport fares**

Please find enclosed my final submission to the Tribunal for consideration in the determinations of Government public transport fares. A hard copy form of this cover letter shall be posted as authentication.

Yours sincerely,

**David Caldwell.**

6<sup>th</sup> June 2003

CC: Hon. Michael Costa, MLC, Minister for Transport Services  
The Auditor General of New South Wales

This submission is in six parts:

- 1) IPART recommendations- beyond the Department
- 2) What do the Performance Indicators mean?
- 3) State Transit – accountable to no one
- 4) Costs increasing, patronage decreasing
- 5) External impacts
- 6) Executive summary

## **1. IPART recommendations – beyond the Department**

It is my experience that IPART has been unresponsive to previous submissions, but this pales into insignificance when compared with the Department of Transport's dereliction of duty to the Minister and to New South Wales.

It is most peculiar that the Department, and the Minister's Office acting on Departmental recommendation, has on one hand insured precise adherence to IPART rulings on fare levels (under IPART Act 1992, Sect 5.11.a), and on the other has completely ignored IPART reports on fare structures (IPART Act 1992, Sect 5.11.b). The Independent Pricing and Regulatory Act 1992 Section 5 states:

### **“ 11 Investigations and reports by Tribunal—standing reference**

(1) The Tribunal is to conduct investigations and make reports to the Minister on the following matters:

- (a) the determination of the pricing for a government monopoly service supplied by a government agency specified in Schedule 1,
- (b) a periodic review of **pricing policies** in respect of government monopoly services supplied by such an agency.

### **3 Definitions**

In this Act:

**"pricing policies"** includes policies relating to the level or **structure of prices for services.** ”

As I as remarked in my submission dated 26/5/2003, the Department has been notably absent from fare determinations. This is particularly concerning when one realises that the Department has engaged a new ticketing contract without responding to issues raised in the 1996 IPART review of pricing policies.

The Department has recently asserted numerous times that the intent of the SmartCard project is not “integrated fares”, but an integrated charging mechanism. Mr John Armstrong, manager of the project, stated during a presentation to the Institution of Engineers (6/5/2003) that the concern of “integrated ticketing” was “ticketing media” and revenue management, not fare structures and systems. The Department thereby absolves itself from consideration of the fares structures; and yet its claimed aim is “To create value by providing integrated transport solutions”. The Department is able to present 4000 (at times contradictory) pages of specification to ERG for a \$300m fare collection system, which is apparently independent of fare structures, and yet one will find the specification substantially details existing fare types. Indeed the requirement is that “the SmartCard will accommodate the existing fare structures and ticketing products”: it would seem the form of the SmartCard “integrated ticketing” project has a great deal to do with fare structures.

One could be forgiven for supposing that the Department and Minister's Office ensures the implementation of IPART recommendations as long as they are simple: changing some ticket prices in the 131500 database. When it comes to reform of fare structures, the Department uses smoke and mirrors to redefine “Integrated ticketing”, and once all responsibility for fare structures is off-loaded, throws \$300m at the problem. There can be no doubt as to what “integrated ticketing” meant before

the Department's campaign. One need look no further than IPART's own report "An Inquiry Into Pricing of Passenger Transport Services – Fare Structures for Public Transport, Transport Interim Report No. 4, March 1996". I am not going to reiterate swathes of that report here, but will quote some pertinent parts;

### **"5.3 Public transport integration defined**

Integrated ticketing means a single ticket is available which allows travellers to use the services of all forms of public transport.

Integrated ticketing can be used for either:

1. all travel, including all cash fares (i.e. one ticket for the whole or inter-modal or multi-bus journey) or
2. stored value tickets, either season tickets or multi-ride tickets only.

### **5.4 Extent of integration in Sydney**

At present, integrated ticketing does not apply to cash fares in Sydney. However the second level of integration does exist. Inter-modal travel is possible using TravelPasses on CityRail, Sydney Buses and Sydney Ferries services. These multi-ride TravelPass periodical tickets are valid on all Government bus, rail and ferry services in a particular zone.

#### **5.4.3 Beneficiaries of further integrated ticketing**

The main beneficiaries of the extension of public transport ticketing in Sydney would be travellers originating on the private bus network who wish to transfer to CityRail services, and who presently pay a full private bus fare in addition to either:

- a discounted rail season ticket (commuters)
- a rail off-peak fare (non-pensioner casual travellers, or pensioners who pay a half-fare on the bus and \$1 fare to access the Government-owned system)."

Clearly, the implication of integrated ticketing is that vehicle-transfer penalties are eliminated. That is, the implication is that either the MetroPass through-fare system (for private operators) or the TravelPass zone fare system be expanded, allowing transfer between modes or vehicles without cumulative flag-fall charges. This notion of the implications of integrated ticketing, and the intent of expansion, is further illustrated by the State Transit Authority in its Annual Report 1989/90, p39:

"TravelPass, pensioners tickets and [school] student tickets already give travel by time rather than distance and MetroTen travel will be made even more convenient by also making these tickets time-based – available in easy to understand zones rather than for a number of sections on the one route at present."

Given this context, it is quite an achievement of the Department to have successfully redefined "integrated ticketing" as a concept of integrated media only, without any reform or integration of fare structures. The Department has devised a new distinction, being that "integrated ticketing" (the means) is both separate, and unrelated to, "integrated fares" (the end). The most flagrant demonstration of this distinction is that the Department maintains that fares are a matter for IPART: in respect of its ticketing project the Department states, "Setting fares is not part of this

project. The statutory Independent Pricing and Regulatory Tribunal makes determinations and recommendation on fare levels”<sup>1</sup>. It is a most bizarre notion that a means can be contrived without regard of the end. Of course, this is not the case, and the new “integrated ticketing” system will have as its basis the existing anachronistic system as detailed in the specification, and its function will be primarily dictated by existing requirements; a potential new fare structure has not been considered in sufficient detail (or at all by the Department) to knowledgably specify future requirements. Clearly any new ticketing system should be specified with regard to reformed fare structures for the future, not existing anachronistic structures. And so, in terms of the correct definition of integrated fares (being a synergy of fare structures and means), the Department is proposing to do nothing. What is worse is that the Department is apparently spending \$300m of taxpayers’ money on a false pretence.

Not only has the Department masterfully deceived public transport users with its new definition of “integrated ticketing”, the existing integrated ticketing (described by IPART above in 5.4) has been forced into decline by spectacular mismanagement. Usage of the existing integrated ticketing in Sydney Government services has fallen below 20% of trips for the first time since 1986<sup>2</sup>. Manager of the Integrated ticketing project, Mr John Armstrong, speculated that this was because TravelPasses were too inflexible for travellers who do not commute routinely for a whole week, and on this point I wholly concur, and I draw attention to my 2002 submission in which I suggested:

- “4. Expand TravelPass system to private bus and tram operators.
- 5. Introduce pre paid one day TravelPasses (unrestricted by mode).”

I speculate that although commuter journeys are less disposed to weekly periodicals than they were in 1986, by far the greatest impact forcing the decline of integrated ticketing has been the massive increases in ticket prices. Consider fare increases for the six years including and proceeding last year’s determination:

	2 section cash (full fare) \$	2 section Blue TravelTen \$	Red TravelPass (integrated) \$	National CPI
1996	1.20	8.00	20.00	119.8
2002	1.50	11.30	30.00	137.6
Change per trip	0.30	0.33	na	na
Change, %	25%	41%	50%	15%

TABLE 1 <sup>3</sup>

The most pressing need for fare collection in Sydney is a review of how integrated TravelPasses are considered in terms of useage (for the reasons stated in my 2002 submission the Total Value of Travel studies are flawed). Furthermore, there exists an urgent need to establish extended revenue sharing mechanisms to private operators—only this will enable integrated ticketing, not the SmartCard.

The TravelPass fares must not be increased, and daily TravelPasses should be made available at about 2/7ths the weekly charge. The intent should be the realisation

<sup>1</sup> SMARTCARD Question and answer fact sheet – April 2003, Transport NSW (the Department)

<sup>2</sup> STA Submission to IPART 2002, Appendix C – Boarding Profiles

<sup>3</sup> CPI All Groups, Weighted Average of Eight Capital Cities, 1996-2002 quarters ending 30<sup>th</sup> June, Australian Bureau of Statistics. Fares comparison 1<sup>st</sup> July 1996 to 1<sup>st</sup> July 2002.

of the STA's 1990 statement (above); the rationalisation of fare types, including the complete abolition of section based fares, and ultimately abolition of Pay As You Enter on buses.

IPART should make representations to the Minister requesting an urgent reassessment of the Department's handling of the "Integrated ticketing" project.

## **2. What do the performance indicators mean?**

Some of Sydney's Government transport authorities utilise spurious, if not fraudulent, performance indicators. Commuters are showered with a host of percentages, all in the top decile, allegedly testimonial to excellence in the virtues that are so sought by the mass ridership. Many performance indicators are based upon selectively skewed samples, such as "On-time running" which for the State Transit Authority (STA) would be more accurately described as "Moderately on-time departure from starting point"<sup>4</sup>.

The State Rail Authority (SRA) provides an explanation for its on-time running statistics, however the extent of correction and sample size, and the effects of weighting (per train/ per passenger/by time of day) are not transparent. Anecdotal evidence, including evidence presented in other submissions to this Inquiry, suggest that such indicators require greater transparency.

It is not only performance indicators that require scrutiny; cost indices presented by State Transit are of equally dubious nature. It is interesting to consider that the STA claims in its cost index, presented on page 5 of its submission to IPART this year, that fares have risen over the course of 1996-2003 from 100.00 to 115.53 fare index points (i.e. claims fares have risen 15.53%), in comparison to CPI which has risen from 100 to 114.6 (14.6%). How State Transit ascertained this fare index requires clarification. An appraisal of the schedule of fares from 1996 and 2002 (See APPENDIX ONE), or for that matter table 1 (previous), clearly brings this figure into question. The Auditor General may be well placed to verify the accuracy of State Transits fare indices.

The STA tenders some novel "Service Quality" and "Performance Measures" in its submission this year. The STA states in section 6; "Sydney Buses quality is achieved in a number of key areas including safety, reliability, convenience, comfort, service and efficiency". They continue in section 7; "Sydney Buses' performance against Key Performance Indicators (KPIs) has continued to reflect the commitment to reliable, convenient, efficient, courteous, comfortable and safe public transport services". The following figures (amongst others) are then stated for 2001/2;

<b>"Reliability</b>	
On-time running	96.2%
Service reliability	99.6%
<b>Comfort</b>	
Average bus age	11.7years
<b>Convenience</b>	
Total kilometres	77916km"

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<sup>4</sup> IPART observed on p25 of the 2002 Reports 2 and 3, "on-time running is measured at the point where the bus leaves the depot to begin its route, there is a question as to its relevance to passengers", although the fraudulent nature of the sample is therefore confirmed, the definition of "on-time" remains allusive.



Will the tribunal please ascertain from the authorities providing indicators:

- i) What are the definitions (and criterion) by which these “Key Performance Indicators” are determined?
- ii) Why should these measures be considered significant?
- iii) What do they mean for passengers?

Most of the existing performance indicators are unsatisfactorily defined, and the implications of many are unclear. Performance claims, particularly those made by State Transit, cannot lend any support to requests for fare increases while the above points remain unresolved.

Many regular users of Sydney Buses services are justifiably sceptical of punctuality and reliability claims by the STA. Such numbers cannot be described as indicators when they are not defined. Scepticism is also fostered by the dubious association of “Comfort” as a function of “average bus age”, and “Convenience” as a function of “Total kilometres”. It may have reasonably been thought by passengers that comfort is a function of such things as cleanliness of the bus, the absence of leaks in the roof, the fit of seats (leg room etc), and the availability of seats on busy runs. Similarly convenience would be considered by many to be a function of journey speed, service frequency and hours of operation.

A frequently heard generalisation is that unreliability is compounded by an aging bus fleet, and that it shall be corrected with the delivery of new buses (higher costs requiring higher fares). It is similarly claimed that the older buses are pushing up maintenance costs. The Auditor-General’s report on the STA fleet was deficient in establishing this claim. Rather than speculate, it is time for some hard facts. Further to the Auditor General’s report of 2002, the STA should provide, from its accounts and service histories, a break down of maintenance and operation costs per vehicle kilometre by vehicle type, and reliability by vehicle type (for a life-cycle). The 12-year average fleet age rule, if anything, has resulted in less robust, poorly constructed buses, which have little resale value. Failure of air conditioning in the new buses (from a combination of factors) is endemic in the hot months from my experience, with the inability to open windows conditions in a full bus are most uncomfortable and frequently stifling. The lack of effective ventilation is also believed by many to be a major problem, a stagnant bus being an ideal environment for transmission of air borne disease. Indeed it is questionable whether many buses meet Australian Standards on Outside Air requirements during moderate weather. In this instance, comfort (or passenger well-being) may be considered inversely related to bus age. I will deal with the bus age issue further in section 5.

If the STA is unable to satisfactorily explain its “Key Performance Indicators”, (including explanation of how one measures ‘comfort’ in years or ‘convenience’ in kilometres), perhaps IPART should conduct some performance enquiries of its own. Interesting, and valuable indicators, determined independently, could include:

1. on-time bus running; analysis of section timing data recorded by the STATS system, or by external covert audit, comparing recorded service times with timetable times.

2. comfort; a qualitative analysis of seat comfort (leg room, seat hardness) utilising a random sample of people to compare early Mercedes bench seats with the new rigid seats.
3. comfort; a quantitative analysis of coach conditions, achieved through random fitment of air condition data logging for air conditioned buses and trains to consider temperature, relative humidity, and litres of outside air per second per person.

Those of the existing indicators most important to users (on-time running, reliability), which the authorities frequently utilise as implements of self-glorification in reports, are clearly of questionable veracity, and are therefore no basis to surmise that services are either satisfactory or improving.

### **3. State Transit – accountable to no one**

Reading through an STA Annual Report or submission, one could well form the impression that it was responsive and accountable, which is markedly different from my experience, and those of my fellow travellers with whom I have conversed on the issue.

The eastern-suburbs and south-eastern-suburbs bus services upon which I commute, recently subject to the “Better buses” programme, are utterly shocking. I am not going to detail several score cases here, but will describe the manner in which complaints have been handled by State Transit. As a background, the “Better Buses East” programme has been the subject of a public protest; on the 7<sup>th</sup> of July last year some 200 people rallied in Rose Bay against State Transit. As detailed in the Wentworth Courier 27/11/2002, more than 400 surveys were received by the Member for Vaucluse—“Overwhelmingly, the complaint is about the reduced frequency of service and the total unreliability of the timetable”, it is believed that only one respondent found the service satisfactory. Woollahra Municipal Council recently lodged a deputation to the Minister in respect of the unacceptable state of services. The failures are no isolated incident.

In response to buses not turning up, half hour gaps in “five minute” services, bus coaches reeking of concentrated citrus degreaser and bus coaches breaking apart (panels falling off Scania in transit), I have complained by telephone to Waverly Bus Depot, Randwick Bus Depot, and the Department’s complaints handling line. By this I have sought merely to alert operators of failures. On occasion of the more substantial failings, when I have had time, and been able to ascertain all specific details (times, run numbers, bus numbers), I have written to State Transit or the Department. Incidents that I had recorded in detail have been denied by State Transit, claiming that their recorded timing data refutes my observations. It would seem State Transit accused me of lying. I am aware that I am not alone in subjection to such accusations in response to complaints.

Arising from this turn of events, on a subsequent occasion (21/8/02) when faced with a succession of erratic running, I took the opportunity to collect the signatures of two fellow bus users to a statement describing the incident. With the justifiable impression that State Transit was unaccountable to users, I directed the specific complaint and signed witness statement to the Department of Transport. On 16/9/2002 I received acknowledgement from the Department, and was informed the matters would be examined and responded to “as soon as possible”. Despite multiple calls to the Manager of Ministerial Correspondence, no reply has been forthcoming.

Although State Transit has continued to celebrate the supposed success of “Better Buses East”, patronage tells a very different story. State Transit stated:

“Better Buses reviews of routes in Sydney and Newcastle in 2001/02 have put new transport networks in place to meet the travel needs of the majority of our passengers in 2002 and not those of 1988.”<sup>5</sup>

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<sup>5</sup> p17 Annual Report, 2001-2

Apparently in response to changing passenger needs since 1988, the project was marked by the elimination of so called “ferry link” stops, the discontinuation of ferry feeder buses, and the end of attempted integration between bus and ferry time tables. In keeping with CEO John Stott’s statement to the IPART hearing in 2002, “I don’t see Sydney Ferries being a mass transit system in the long run”<sup>6</sup>, one may get the impression that the ferries are ailing, are not attractive and are not the way of the future. It has however become amply clear that this is not the case. Checks conducted by the Woollahra Municipal Council, and by the Vaucluse Progress Association, indicate that bus patronage on the trunk New South Head bus routes, from the City to Watsons Bay (once the busiest tram route in the southern hemisphere), has fallen to an all time low since the service cuts of the Better Buses East project. Conversely, the Rose Bay ferry, reinstated in the early 1990s, is now believed to carry an average 500 passengers in the evening peak period, double the number of passengers that the “better” bus routes (323/4/5,326) carry to the same area in the same period. IPART may wish to extract from the STA loading figures to verify this observation, or perhaps more reliably, request an independent audit of services in that area.

It may be construed that Sydney Buses is desperately trying to save face in response to falling patronage, by making as difficult as possible use of the alternative Sydney Ferries service, which without appropriate integrated feeder buses, is bottlenecked by car parking constraints. Such action by Government bus administration would not be unique; the Urban Transit Authority (State Transit’s predecessor) protested to the Department in the early 1980s that the new integrated Eastern Suburbs Railway was reducing bus patronage by providing a more attractive service<sup>7</sup>; by 1984 the progressive integrated AFC ticketing system was removed and passengers who transferred to the train were required to pay higher fares. Accordingly, passengers, not wishing to be financially penalised for transferring to the more efficient train, returned to the buses on the New South Head Road routes. The UTA won the day. The elaborate multi-million dollar exchange facility at Edgecliff stands to this day as a rotting monument to the authorities’ resistance to integration.

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<sup>6</sup> lines 10-11, p13, Transcript, IPART public hearing into public transport 10/5/2002

<sup>7</sup> The Edgecliff interchange offered a fast rail service to Kings Cross, Martin Place and Town Hall, all of which lied on the catchment of bus routes to Circular Quay. An integrated, or combined, fare was available at the same price as a bus fare alone within the feeder area; abolished 1984.

#### **4. Costs increasing, patronage decreasing**

“State Transit Debt Levels Quadruple”, is the heading of a Sydney Morning Herald article, 13/12/2002, which goes on to state, “On the back of falling patronage, total passenger revenue has dropped from \$449 million to less than \$443 million”. The SRA observes in its submission to this Inquiry that, to Government, the SRA “cost \$1.3 billion in 2001-02 and is forecast to grow to \$1.5 billion in 2002-03. In 1999-00 fares paid for 26.7 per cent of the costs of running the suburban rail system. Last year that had fallen to 24.0% and is forecast to fall further this year to 21.7%”. Many of the increasing costs arise from externalities beyond the transport authorities’ control, and these externalities require critical consideration, but many substantial costs have arisen from management decisions. Some prominent costs include:

- i) Millennium class trains (plagued with failures)
- ii) Harbour Cats (unable to service the Quay-Manly run for which they were intended)
- iii) Airport Railway (operator in administration)
- iv) Parramatta- Chatswood railway (already reduced to Epping-Chatswood)
- v) Electronic platform information system (lets prospective passengers know just how late their train is)
- vi) Parramatta- Liverpool Transit Way
- vii) “Integrated Ticketing” SmartCard project

The justification behind some, if not all of these projects, the cost of which easily exceeds \$1 billion, has been widely questioned. Indeed the Transport Services Minister, Hon. Michael Costa observed that the Airport Railway was a “white elephant”, and has suggested the truncation of the Chatswood- Parramatta railway at Epping. Although each of these projects may have been thought a good idea at the time, what consideration was given to the relative importance of spending in these areas? It may be reasonably argued for instance, that rather than spending millions on active real-time platform information (which lets prospective passengers know how late their train or bus is), that the money be spent on running trains (or buses) to time.

The question that must be asked of any spending is ‘how will this benefit passengers, and how will it make public transport more attractive and better patronised?’ The main issues are utility and opportunity cost. There are several instances which raise concern in regard of Authorities’ ability to weigh up costs and benefits, in a service and utility context. There are also substantial concerns in respect of external legislation driven costs.

Frequently, of buses and trains, it is suggested that unreliability and increasing costs are driven by ageing rolling stock and ageing bus fleets. Indeed it is a platitude of contemporary consumerism that anything old is by definition dysfunctional, and that anything new is by definition superior. Increasingly it would appear the authorities are driven by concern of outward appearance in this respect, rather than being driven by desire to maximise utility (including safety) with the fullest consideration of opportunity cost. There is little doubt, as observed by the Rail Technical Society of Australia and others, that aspects of the rail system are utterly backward, based on retrogressive design and require urgent address (for matters of

safety and performance). Massive expenditures on new lines, and on glamorous rolling stock serve comparatively little for the cause of utility. The Tulloch cars, bastions of utility, are frequently sighted as an embodiment of State Rail's backwardness and (by populist implication) dysfunction. I would be most interested to see a break down of real acquisition cost, maintenance and operation costs for a Tulloch trailer car and for a Tangara trailer car. Outward appearance, and the absence of air-conditioning, are the two lacking aspects of the Tulloch car, and yet it is not these aspects that are cited as its flaws, it is age. Despite the tremendous improvements in technology, processes, and design, the life cycle of capital is getting shorter and shorter. Whereas trailer cars of 80 years' age, and buses of 25 years' age, were common in the 1970s, today the SRA seeks to pension off cars at 40 years and legislation stipulates an average bus fleet age of 12 years. Why this has arisen is probably more of a sociological question than an engineering one. It would be acceptable to state however, that throughout the greater part of the C19th and C20th, in order to rectify capital deficiencies in the Government services, replacement capital, superior in the previously deficient respects, was obtained. Therefore, the antidote to deficiency was replacement. This popular association now seems to have degenerated to the point that merely by replacing existing capital it is implicit that deficiencies are being overcome, and therefore the act of replacement (or acquisition) has itself become popularly desired, rather than the act of rectifying deficiencies.

It must be asked of the greater capital projects (which drive up costs and in turn fares), what deficiencies are authorities seeking to overcome, how comparatively important are these deficiencies, and what track record have similar recent projects had in serving their primary role? The primary aims of capital replacement/ expansion projects such as the Millennium Train are unclear- increased speed? Increased efficiency? Reduced maintenance costs? Increased reliability? A frequently sighted deficiency in existing rolling stock, considered to be one of the greatest impediments to the underground system capacity, is station dwell time, largely afflicted by loading and unloading time. Indeed from various quarters including Mr. Ron Christy, it is stated that the City Electric system is on the verge of saturation. One who associates replacement with improvement may expect that the SRA would seek to address such prominent concerns as dwell time in new rolling stock (e.g. single deck, light, multiple door, higher standing capacity, all axels powered cars)<sup>8</sup>. Instead, the Millennium trains perpetuate double-deck cars with single width stairways, projecting into the vestibule with opposing bias; performance in regard of dwell time is in all likelihood worse. It would be interesting for an independent assessment to determine how loading/ unloading speeds of a Millennium car compare with a contemporary European double-deck car. Even a comparative assessment of a Tulloch and a Millennium would be interesting, to observe how this critical aspect of rolling stock design has improved.

It may well be found that the functional vices of the older rolling stock, such as absence of air conditioning, could be rectified by a mid-life over-hall and innovative retrofit. Experience has indicated that such overhauls are far cheaper and equally (if not more effective) than new rolling stock. The 3000 series cars, built in

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<sup>8</sup> De Leuw, Cather & Co. proposed that such rolling stock be utilised in their May 1963 report for the Ministry of Transport on the proposed Eastern Suburbs Railway. "...Such equipment would effect a decrease in running time between stations and result in a reduction in overall scheduled running time of more than 25%", p36, Car Equipment.

the period spanning the late 1920s to the late 1940s, once re-motored and overhauled, continued in service with cars constructed 30 years later until the late 1980s. It is amusing to contemplate that travelling time has not improved since the 1920s for most of the suburban system. Before extending the order of Millennium class vehicles, an independent assessment should be conducted as to the comparative cost of innovatively refitting existing rolling stock. When the Millennium class appears to offer so little in terms of performance improvement, and so much in terms of well publicised failures (signal interference), proceeding with a multi million dollar contract may seem unadvisable.

The continuing investment in further interdependent lines in the suburban electric system only compounds the difficulty of progressively improving anachronistic specifications and services. For example, the Airport line, the proposed Parramatta- Chatswood line, and the proposed Epping- Castle Hill lines are all interdependent on other lines, and would all be projections of the existing backward operating procedures and systems. Furthermore, the additional rolling stock required is equally bound by existing system constraints. Increasingly imbedding the core system limitations by spending in this manner is extremely short sighted. The words of the Public Transport Commission seem particularly apt when considered in the context of these projects:

**“INCREASING COSTS  
WHAT IS BEING DONE**

The major capital investment programme of the Government and the Public Transport Commission in New South Wales is being directed primarily to those areas of service where there can be no reasonable doubt as to the operational need and the longer term requirement for the service. Current investment is not aimed at diverting large numbers of people to public transport at increasing community cost.... It is aimed at restoring essential services to a satisfactory level of performance.”<sup>9</sup>

This statement made in 1978 in respect of a strategy to halt escalating losses, and in the wake of the Granville Disaster, might be equally well applied for policy direction required now, in the wake of the Glenbrook Disaster, the Waterfall Disaster, increasingly crippling financial losses and patronage losses.

State Transit’s spending is equally questionable, having cut some of the Eastern Suburbs best patronised bus services, including route 324 and route 387 between Dover Road and South Head Cemetery, continues to spend multi million dollars on the Parramatta- Liverpool Transit Way. STA CEO John Stott stated at last year’s IPART inquiry:

“...we’ve taken great care with the transit way to structure it outside Sydney Buses, so that its accounts will be visible, they will be transparent and we’ll be running it through a subsidiary.”<sup>10</sup>

Despite this undertaking, I am unable to discern any separations of capital expenditure and operating costs in the financial accounts of the State Transit Authority. IPART may wish to ascertain total costs in terms of passenger vehicle kilometres, such that

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<sup>9</sup> p19, Annual Report 1978, Public Transport Commission of New South Wales.

<sup>10</sup> Line 50-54, p14, Transcript, IPART public hearing into public transport 10/5/2002

loading and operation costs may be compared between the recently cut Eastern services and this multi-million dollar project, described by the Campbelltown and Districts Commuter Association as a “dismal failure” in their submission to the 2003 IPART Inquiry.

The prospect of increasing cost recovery by increasing fares is made impossibly distant, as costs continue to escalate. Further, some \$1b of capital spending is doing little to address the fundamental problems, and little to justify any fare increase above CPI.



## **5. External impacts**

There are, in addition to costs incurred by management direction, costs incurred from externalities. I will not address the less controllable of these (such as electricity or fuel price), but those which are directly controlled by Government. Such externalities include urban planning, fiscal policy, taxation implements, road funding, absence of environmental measures (impact on the urban and natural environments) and legislative requirements (accessibility, fleet age).

The New Tax System reduced automotive sales tax from 22% to 10% and simultaneously applied 10% tax to public transport fares. Petrol indexation has been frozen. Whilst cars and parking continue to receive salary-packaging tax exemptions, the same concession is not extended to public transport periodicals.

Road projects, directly undermining public transport, continue within and around the City, such multi-million dollar projects including the Eastern Distributor, the M5 East, and now the Cross City Tunnel. The instant the new roads open, patronage leaves public transport for cars (as on the East Hills Line), the road bottleneck shifts, and once again lobbying starts for a new freeway or bypass, sometimes a bypass to a bypass. It is surely now a cliché to draw the analogy of Los Angeles, and their freeways, which by 1964 resulted in two-thirds of the CBD being devoted to roads and parking. Throughout the world the story is the same: entertaining motor-car growth, far from improving access to the city, draws people from the very mechanism that enabled great cities to exist in the first place- public transport. The motorcar and dispersed land use are destroying Sydney, as increasingly people movements become more convoluted, less predictable, and impossible to furnish with sufficient infrastructure.

There has been no substantial work done to analyse the impact of Sydney's shift to the motorcar and a dispersed urban area. How much time is lost in transit compared with the 1920s, 50s or 70s? How many more kilometres per person (or good) are travelled to affect the same outcomes? How much more energy is consumed in executing the tangled dispersed journeys inherent in a sprawling urban area? What is the impact of the car on quality of life? (imagine parks like Centennial Park free of cars and fumes, able to inhale the morning air without a gut full of cold-engine exhaust). These quantitative and qualitative aspects are no closer to being addressed, but it is important to be mindful of them when weighing up Government expenditure on transportation.

Accessibility legislation has required massive expenditures on the part of public transport providers. Such capital as low-floor buses, accessible stations (lifts etc), and ongoing maintenance of such services all adds to the authorities' billowing expenses, with no more revenue. Public transport users, particularly bus users, from the least affluent demographics, are those targeted to recover costs for what is a welfare requirement. It seems inconceivable that motor registrations might be levied for funding of a satisfactory disabled taxi service. Yet public transport operators and users are expected to absorb the cost, as if of mass-transit investment, and users are expected to simply absorb transit delays incurred in carriage of wheel chair bound persons. The impacts of meeting accessibility legislation should be quantified, at the very least, in terms of direct cost through compliance. These costs should be clearly

separated as non mass transit social service costs. There are indirect additional impacts, the action of which are more subtle. CEO of the STA, John Stott, remarked at last year's IPART Inquiry:

“We have moved to low floor buses, which is a mandatory requirement under the Disability Discrimination Act. That has had a significant cost impact. It is interesting to note that as a result of the initiative alone buses have grown. They used to be 10.7 metres long and now they're 12.5 metres long. They carry exactly the same number of passengers.”<sup>11</sup>

Further, the elimination of separator rails in bus doors frequently leads to single file boarding and alighting, doubling stop dwell time; passenger movements have become particularly confused around the front platform of CNG Mercedes, the rearward displaced ticket validator obstructing passenger flow from the driver side validator when large numbers of commuters board. Another impact is the placement of a stair in the bus floor adjacent to the centre door (arising from accessibility requirements) creating a barrier to the rearward movement of standing passengers, effectively reducing bus capacity. Meeting welfare requirements has required compromise of mass-transit oriented design. Such effects should be considered when seeking to quantify the impact of accessibility legislation on public transport.

The 12 year average fleet age requirement has had far reaching effects. Although the claimed aim of the legislation is the improvement of bus fleet quality, there are no measures other than the fleet age. Arising from this is the reality that any given batch of the fleet can hardly reach 20 year's age, about two thirds of the life cycle of many buses in the past. How is it that for all the developments in technology, and advancements in design, that bus life cycles are being forced down by legislative implements? Additionally buses now have virtually no resale value. Surely this requirement will only become self fulfilling—A bus designed for thirty years' use in its mature years may have inspired legislation for 12 years average fleet age, Buses now designed with that requirement in mind may become equally decrepit in less time. What evidence is there to suggest this legislation has contributed anything to service quality? Rather than resorting to the strange generalisation that bus quality is a function of age, the Department should consider direct measures of bus condition. Such test may include emissions, mechanical assessment and coach interior assessment. Other quantitative assessments could include ones such as those described in section 2 for assessing comfort. The impacts of legislation such as this should be quantified; the short-term acquisition costs, and long-term impacts of waste creation and encouragement of short life cycle design.

IPART should consider such external effects in determinations. Whether Legislative driven costs can be handed on to passengers in another question: I propose that it is Government's duty to meet all additional costs arising from accessibility and fleet age requirements.

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<sup>11</sup> line 2-9, p11, Transcript, IPART public hearing into public transport 10/5/2002

## **6. Executive Summary**

- 1.1 The Department lacks the expertise to implement reforms, it fails to meet its stated aim.
- 1.2 The integrated ticketing contract should be frozen immediately, pending a reappraisal of requirements.
- 1.3 The continuing massive rises in integrated TravelPass fares, exceeding triple inflation, must be halted, if not reversed.
- 1.4 In accordance with IPART's recommendation in the 1996 Inquiry, integrated ticketing should be extended to private operators (zone or through fares), and revenue sharing mechanisms should be devised as a priority to this end. This is independent of the Department's "Integrated Ticketing" project.
- 2.1 Many existing performance indicators are spurious if not fraudulent, and the Auditor General should be called to review them. Undefined indicators lend no support to fare increases.
- 3.1 State Transit should be made accountable for its mismanagement of services.
- 4.1 An urgent review of major spending decisions is required, with a view to halting all major capital expansion projects immediately, pending review of comparative utility, and functional contribution. Costs incurred from wayward spending, contributing little to service improvements, lend no justification to fare increases.
- 5.1 IPART should encourage authorities to make representations to Government in respect of increased costs, and operational burdens, flowing on from legislative requirements.

## APPENDIX ONE

A comparison of State Transit fare schedules for six years to 1<sup>st</sup> July 2002, and State Transits fare indices. Figures from IPART.

### Fare increases for the six years, 7th July 1996- 1st July 2002

<b>SYDNEY BUSES FARES</b>	<b>1996 (\$)</b>	<b>2002 (\$)</b>	<b>Increase</b>
<b>Single trip fares</b>			
1-2 sections	1.20	1.50	25.0%
3-5 sections	2.50	2.60	4.0% *
6-9 sections	2.50	3.40	36.0%
10-15 sections	3.30	3.90	18.2%
16-21 sections	4.00	4.70	17.5%
<b>TravelTen</b>			
1-2 sections	8.40	11.30	34.5%
3-5 sections	16.80	18.90	12.5% *
6-9 sections	16.80	23.50	39.9%
10-15 sections	25.20	31.70	25.8%
16-21 sections	33.60	39.80	18.5%
<b>TravelPass, STA only</b>			
Blue	18.10	27.00	49.2%
Orange	24.40	34.00	39.3%
2 zone	18.20	27.00	48.4%
Pittwater	36.00	47.00	30.6%
<b>Weekly TravelPass</b>			
Red	21.00	30.00	42.9%
Green	27.00	38.00	40.7%
Yellow	31.00	42.00	35.5%
Pink	34.00	45.00	32.4%
Purple	46.00	52.00	13.0% **

#### **Note**

All adult fares

\*1996 3-9 section fare compared with 2002 3-5 section fare

\*\*The Brown and Purple TravelPass zones were rationalised in 2002. The Purple zone fare reduced to that of the Brown, from \$58 to \$52.

In its 2003 submission to IPART, the STA seeks to demonstrate that fare increases have hardly exceeded inflation. Indeed on p5, a graph and table of "Sydney Buses Fares" claims an increase of only 15.53% (compared to inflation of 14.6%) for the six years to 02/03 (determination 1<sup>st</sup> July 2002). There is no indication of how this figure was determined. All but three of the real increases shown above exceed State Transit's claimed fare increases. The three which are less than State Transit's claimed increase have been restructured since 1996, and the comparison for those is therefore inconsistent. Some of the most commonly used tickets (1-2 section cash/ TravelTen, blue and red TravelPass) appear to have increased in the order of 35%. Perhaps the Auditor General could assist State Transit in clarifying its numbers.