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The Independent Competition and Regulatory Commission  
Level 7 Eclipse House  
197 London Circuit CIVIC ACT

Dear Sir

### **Review of ACTION Buses pricing for 2006-07**

I refer to the document: Issues Paper  
Review of ACTION Buses pricing for 2006-07  
Report 5 of 2006  
February 2006

Being a committed public transport patron my whole life, and having relocated from Perth to Canberra last year, I have noted a number of issues concerning Action bus services which I think could be improved. While not all of these issues will be directly relevant to your review, I believe that they impact on the ability of Action to attract and retain passengers.

#### Purpose of Public Transport

If the purpose of a subsidised public transport system is simply to provide passengers an opportunity to travel at less than the true cost of a journey, fares need only be determined by reference to the difference between the actual costs of operation and the amount of the subsidy government is prepared to pay.

However, a subsidised bus service can also be used to attract patrons who would otherwise drive private vehicles. This would earn full fares which ideally would cover the variable journey direct cost (fuel) but would also hopefully contribute to semi-variable and non-variable costs (such as drivers' wages, vehicle maintenance and administration costs). I believe bus services can also significantly benefit traffic congestion, air quality, road maintenance and peak period transport efficiency; providing car commuters are encouraged to use buses. Any increase in fares, even given their price inflexibility, can only provide disincentive to drivers to switch to public transport.

I appreciate that the ACT government has limited financial resources and therefore subsidies are also limited.

#### Other Options

One funding option available to the ACT government can also provide a disincentive for car drivers to park in central business districts. The City of Perth for several years has imposed a car parking bay fee on all non-residential parking bays within a designated city zone. This fee has been used to directly subsidise public transport within the city district. The fee (in the order of \$180 per annum per bay) is paid by the land owner and passed on to tenants and car park users, thereby increasing all-day parking costs and providing a disincentive for car users. This money is used to fund the CAT (Central Area Transit) service which is a no-fare bus network covering the CBD. The CAT is extremely popular with city residents, workers and tourists. Furthermore, all Transperth bus services (which are privately operated, yet also government-

subsidised) provide free bus journeys starting and terminating within the CBD (referred to as the "Free Transit Zone").

Many thousands of Perth commuters who in the past have used private vehicles now travel to the city by bus and train, confident that they can also travel throughout the CBD all day for no further cost. Perhaps the feasibility of implementing a similar system in Canberra could be explored.

#### Bus Comfort

A significant issue for me, and other bus patrons I have observed, is the cramped seats on most Action buses. I'm 182cm tall and weigh 85kg, yet my knees do not fit comfortably in most seats, such that I either occupy two seats or stand. I never seemed to have this problem on Transperth buses. Comfort can be a significant factor in attracting car drivers to the bus service and perhaps future buses can be designed to better accommodate passengers.

#### Commonwealth Government Policy

There is an apparent inconsistency in present Commonwealth Government policy which perhaps the ACT Government could lobby to rectify. At present, many employees drive to work using vehicles obtained through salary packaging, because they receive Income Tax and concessional Fringe Benefits Tax benefits for doing so. I am also aware that many such employees believe that towards the end of the FBT year they must drive their cars on lengthy country journeys to increase the vehicle distance travelled to a level which results in a lower assessment of FBT.

Whether there is any actual benefit in these FBT machinations is irrelevant – the community perception is that such benefits exist. One way of changing this perception is to either enable public transport fares to be salary packaged, with associated concessional FBT treatment; or to enable workers to claim tax deductions for public transport fares incurred in travelling to and from employment. I believe this would significantly increase public transport patronage.

#### The Perth Experience

Cities usually respond to car congestion by building more roads, lanes, car parks, etc which become congested again in a few years, as experienced by the Perth northern suburbs in the 1980s. Yet large capital projects to improve the public transport system, to make it attractive financially and in passenger comfort, will eliminate or defer the need to spend capital on road infrastructure. A clear example of this is the Perth northern suburbs rail and bus system which involved massive capital outlay, yet is now reaping dividends in reduced traffic flow at peak periods. It has been so successful that the state government is now building a similar system to service the southern suburbs. While rail may not be appropriate for Canberra, investment in a good public transport system will reap dividends with increased passengers and fewer private vehicles in peak periods.

#### Fares and Patronage

In my opinion the fares charged by Action are reasonable – a 10km journey in Perth, for example, costs about \$2.30 (using MultiRider 40) compared with the present cost in Canberra of \$2.14 (using Faresaver 10). Even if fares are raised I will still commute by bus because this enables my family to own one car rather than two. However, I am disappointed that the vast majority of ACT residents generally, and workers in particular, do not consider public transport at all when planning their travel and commuting.

In my Perth workplace, travel by train and bus was the rule rather than the exception. I would estimate that between 60% and 80% of employees commuted by bus and train to the city, even if they drove a car between home and their preferred bus/train interchange.

### Palmerston Services

When I first arrived in Canberra and lived in temporary accommodation in Forrest, I commuted to Civic using buses travelling along Canberra Avenue. All the services I used seemed to have very low passenger numbers and I remember thinking that there must be large subsidies enabling those services to operate, particularly given their high frequency. Yet when I moved to Palmerston I was surprised at the high passenger numbers and relatively low frequency of the 56-156-256 series of services at peak times (up to 40 minutes apart).

I note that the 52-252 series, which carries far fewer passengers, travels the identical route between Civic and Gungahlin as the 56 except that the latter diverts through Palmerston via Kosciuszko Avenue while the 52 continues along Gungahlin Drive. It seems to me that it would be convenient to Palmerston residents, yet have a very small impact on the 52 service, if there were bus bays built on Gungahlin Drive adjacent to Palmerston to enable the 52 to service Palmerston passengers more efficiently.

### Positives

In addition to the issues I have raised above, I have been very impressed by the excellent quality of the bus drivers I have encountered who are always patient, courteous and helpful, and the convenience provided by the Action website for planning journeys.

Thank you for this opportunity to provide my views on Action buses. If any of the issues I have raised are beyond your terms of reference, could you please advise who I should contact to have those issues considered.

Yours faithfully



Ken Lamb