P P T People for Public Transport

120 Wakefield St., Adelaide SA 5000

13 May 1999

Progress in Rail Reform *Draft Report*
Productivity Commission
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Dear Commissioners

I enclose brief comments on the Draft Report from People for Public Transport. I am willing to speak at the hearings in Adelaide, should the Commissioners wish to ask questions regarding this submission.

Yours sincerely

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SUBMISSION ON

Draft Report

PROGRESS IN RAIL REFORM

Productivity Commission

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We read the Report with interest and make some brief comments on certain sections of the Report.

THE PASSENGER TASK (pp.14 16)

The Report records the dominance in recent times of the private car, and in non-urban transport, air travel, since the early 1970s.

We consider that this trend can be reversed if passenger rail, and urban buses can be enabled to compete effectively with cars and airlines. This would involve good frequencies, pleasant journeys and fares which are not too high.

A Report by the National Commission of Audit (1996, p.30) praised airlines for lowering fares to increase passenger transport, whereas passenger rail was praised for increasing fares to increase cost recovery. This seemed to us inconsistent at the time of our submission to the Inquiry into Federal Road Funding and we still query this apparent favouritism for air travel. Is rail inherently more expensive than air?

We consider that with track upgrading, which confers obvious economic benefits through more efficient rail freight transport, inter urban passenger rail will become faster and more comfortable, its patronage will rise and returns will improve, perhaps to the point of profitability, without major fare increases.

Reducing the dominance of energy intensive car travel in urban and non-urban areas would have social benefits from lower levels of road trauma (without corresponding increases in rail trauma), reduced greenhouse and air pollution and reduced need for fuel imports. It would also reduce transport delays from congestion in cities.

COMMERCIAL NON-VIABILITY OF URBAN PASSENGER NETWORKS IN AUSTRALIA (p.22)

We note that cost recovery form urban public transport in Australia is low. We consider that more frequent levels of service and better connections between routes (including rail feeder buses and trains) and re-organisation of routes not reflecting passenger needs, cost recovery percentages could be improved through higher patronage.

We enclose some pages from *Sustainablity and Cities - Overcoming Automobile Dependence* by P. Newman and J Kenworthy.

Not all roads produce full cost recovery. Perhaps some road works could be called CSOs as well as public passenger transport.

Further discussion of this matter will be included under *Privatisation and Patronage in Adelaide*.

PRIVATISATION AND PATRONAGE IN ADELAIDE

The SA Government has just announced (*The Advertiser* p.22 13/5/99) that privatisation of urban public transport has already saved the SA Government $60 million, about $14 million a year.

However, patronage has not improved since privatisation, although a slight rise in TransAdelaide patronage occurred in the first half of 1996. Some new bus services have been introduced and a taxi-mini-bus link to Gawler Station was initiated by TransAdelaide in conjunction with the local council. (General bus services in the Gawler area are outside the contract areas and are run by a private bus company.)

Overall there has been a 1.5 per cent patronage drop per annum since the introduction of patronage. This has accelerated during the last nine months to a rate of 4 per cent per annum. (Media release from the Hon Carolyn Pickles MLC, Shadow Minister of Transport and reports of the above in *The Advertiser).*

Ms Pickles attributes the drop in patronage to a 10 per cent increase in fares last July.

Increasing fares and failing to make major improvements in services may save government money. In theory at least this money could be used to provide services. However, in allowing public transport to run down social benefits are being lost. It is not possible in the space of this submission to quantify these.

The Bureau of Transport and Communications Economics (BTCE) publication *94, Transport and Greenhouse,* identified reductions in public transport fares as a significant method of reducing greenhouse emissions from urban transport (4 per cent for a reduction of fares to 80 per cent of current levels and a ten per cent reduction in emissions from commuting and one per cent from non-commuting travel) with net social benefit. (Chapter 15)

If contracting out of public transport operation fosters service improvements through competition, it has benefits. However, if it is used simply as a way to reduce government spending, it will prove non-productive, as patronage drops and with it fares collected, and costs for road building, road trauma and pollution induced health problems rise.

Some problems, eg lack of through-routing of buses, associated with the original contracting out, are being redressed in the amended, or about to be amended, Passenger Transport Act.

However, there have been problems associated with separating the planning and operating arms of transport. These include:

(1) The public not knowing who to complain to - the operator or the Passenger Transport Board,

(2) Delays in implementing innovations while operators wait for approval of the PTB,

(3) Lack of coordination between operators.

Margaret Dingle, People for Public Transport 13/5/99

SUSTAINABILITY AND CITIES – OVERCOMING AUTOMOBILE DEPENDENCE
PETER NEWMAN & JEFFREY KENWORTHY

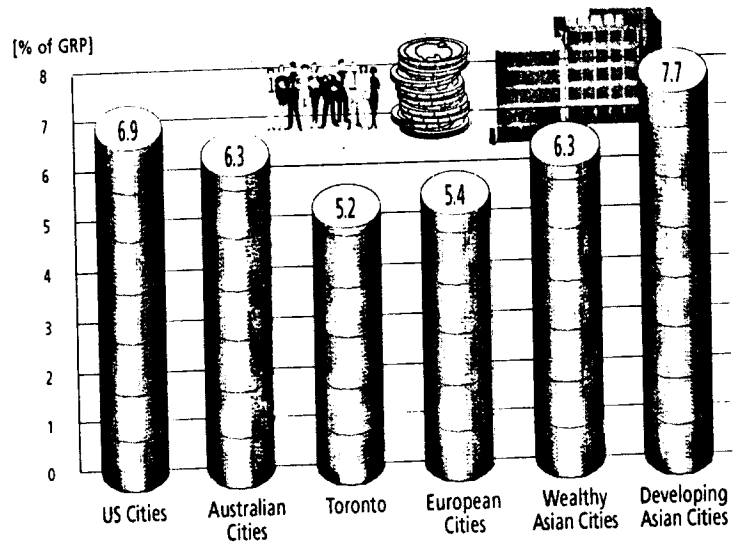

Figure **3.11.** The proportion of city wealth spent on the journey-to-work in global cities, 1990.

In terms of sustainability this is a very hopeful sign. The sample of global cities shows that there are very similar levels of economic efficiency despite huge differences in car use. Thus transforming the transportation pattern of a city into one that is sustainable can be achieved without damaging overall economic performance (Serageldin and Barrett, 1993; World Bank, 1996).

Transit Cost Recovery

The indicator of transit cost recovery is one of the most emotionally debated issues of any area of public policy. This survey, which measures operating cost recovery, is one of the first to show a comparative set of data from the major cities of the world that has been compiled on as consistent a basis as possible. It shows that the percentage transit cost recovery follows very precisely the level of car dependence in the city (see Figure 3.12).

U.S. and Australian cities average a low 35 percent and 40 percent. Toronto stands out at 61 percent. The most bus-based, low-density, car-dependent cities of Perth, Phoenix, and Houston have a mere 28 percent and Denver only 19 percent cost recovery. In such cities, even if fares are set reasonably high, it is difficult to have a high cost recovery because of the inherently higher cost structures of such systems (e.g., high labor input per passenger kilometer, low occupancy per service unit, etc.).

European cities average 54 percent cost recovery, with a variation from 93 percent in London to 27 percent in Brussels. Such variations are not just reflections of inherent economic differences among systems, but are also the result of conscious political choices made by each city as to how much of their public transportation expenses they want to recover. London chooses to set high fares and recover almost all their costs (since the Thatcher years), while other cities, such as those in Germany and Belgium, choose to recover a lesser proportion in

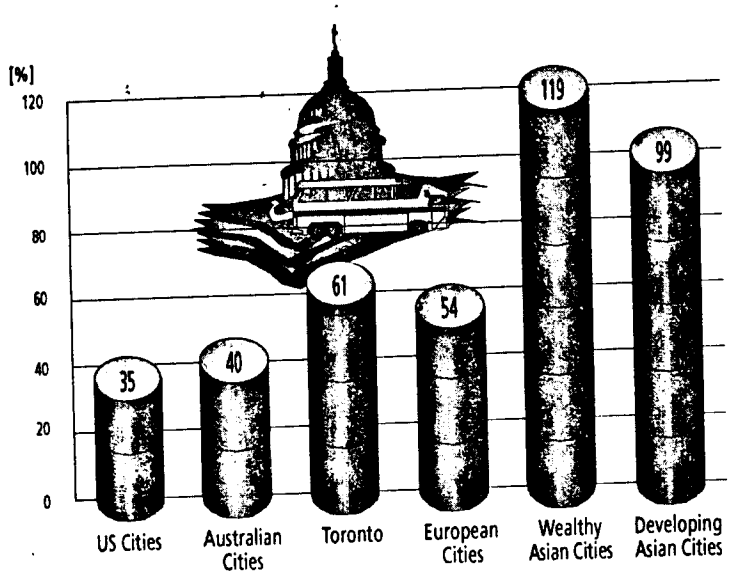

Figure 3.12. Transit operating cost recovery in global cities, 1990.

recognition of the fact that roads are also being subsidized. The case of Stockholm, with only 33 percent recovery, also reflects a social/political position on the role of transit in the community. Of course, having made a decision to recover a relatively high proportion of transit expenses, it is certainly easier to do so in a city environment that is physically supportive of high transit use and where the quality of transit services enables transit to compete with the car. Thus in London it is extremely expensive to use the underground, but it is still the best way to get around for many trips.

Asian cities have, on average, very high transit cost recovery at 105 percent, with the highest in Hong Kong (136 percent) and Kuala Lumpur (135 percent), and the lowest in Beijing, at 20 percent, due to its very low fares and high staffing levels. Chinese bus and trolley bus tickets are perhaps the cheapest in the world, the average rate in the early 1990s being less than U.S. 0.5 cent per passenger kilometer. This compares with public transportation prices (all modes) in other cities that range from a low of about U.S. 1.7 cents per passenger kilometer in Manila, through averages of about U.S. 6 to 9 cents per passenger kilometer in Australian, U.S., and European cities (Hu and Kenworthy, 1996).

The transit cost recovery debate tends to focus on how to reduce government costs. It often concludes that it would be much cheaper to provide only buses since these have lower capital and sometimes lower maintenance requirements. These data suggest that buses are effective in transit cost recovery only in situations where there are large numbers of captive users, as in newly developing Asian cities such as Manila. The more fundamental way to recover transit costs in developed cities is to influence the form of the city toward a more transit-oriented structure. The role of rail systems in influencing and facilitating this cannot be underestimated.

Table A.1. *Continued*

Cities	Total CO_2 per Capita (kg)	NO_x per Capita (kg)	SO_2 per capita (kg)	CO per Capita (kg)	VHC per Capita (kg)	VP per Capita (particles) (kg)	Road Expenditure per Capita (U.S. dollars)	% GRP Spent on Commuting (%)	% Transit Cost Recovery
AUSTRALIAN									
Perth	2980.4	20.3	0.4	187.2	23.6	1.0	133	6.7%	28%
Adelaide	2561.3	18.2	0.4	168.1	21.2	0.9	133		40%
Brisbane	2898.7	29.4	1.1	187.3	24.7	2.2	167		54%
Melbourne	2915.8	18.0	0.5	179.2	22.7	1.3	89		24%
Sydney	2588.2	23.6	0.6	207.0	22.6	1.8	188	5.9%	55%
Average	2788.9	21.9	0.6	185.8	23.0	1.4	142	6.3%	40%
AMERICAN									
Phoenix	4654.3	21.5	1.7	166.0	23.6	1.0	399	7.4%	28%
Denver	4960.8	19.3	1.4	235.9	21.1	0.9	291	8.2%	19%
Boston	4238.1	25.5	1.8	222.7	22.1	1.1	284	5.5%	24%
Houston	5192.8	26.6	2.0	241.2	27.6	1.2	230	8.2%	28%
Washington	4403.0	22.0	1.6	184.0	20.5	1.0	262	6.9%	50%
San Francisco	5122.2	21.3	1.7	196.1	21.7	1.0	198	5.9%	45%
Detroit	4517.5	24.6	1.7	246.7	24.6	1.0	198	6.2%	23%
Chicago	4068.6	20.7	1.4	184.6	20.1	0.9	315	6.5%	46%
Los Angeles	4476.0	19.9	1.6	181.0	21.6	1.0	175	7.1%	43%
New York	3778.5	21.2	1.5	187.0	20.4	0.9	286	6.8%	47%
Average	4541.2	22.3	1.6	204.5	22.3	1.0	264	6.9%	35%
CANADIAN									
Toronto (Metro)	2434.3	27.0	2.3	160.6	21.7	3.9	150	5.2%	61%

EUROPEAN									
Frankfurt	2813.0	20.1	0.9	68.2	12.1	0.9	172	8.8%	45%
Amsterdam	1474.8	12.8	N/A	34.2	5.7	N/A		3.8%	40%
Zürich	1762.0	12.1	0.4	32.4	8.6	0.1	185	4.7%	60%
Brussels	2113.8	16.7	1.2	65.9	10.3	0.1	102	4.3%	27%
Munich	1440.8	12.8	0.8	63.0	9.8	0.8	100	5.8%	54%
Stockholm	1993.8	17.8	1.0	207.6	26.7	N/A	174	5.8%	33%
Vienna	1537.7	4.2	3.2	50.0	5.2	N/A	72	4.4%	59%
Hamburg	2659.6	12.8	8.0	53.5	8.3	0.2	97	5.7%	62%
Copenhagen	1544.3	7.1	N/A	58.6	3.4	0.5	166	5.8%	66%
London	1704.2	16.4	0.9	97.0	17.0	2.8	113	5.2%	93%
Paris	1723.0	10.6	1.6	68.3	20.1	0.9	166	4.6%	61%
Average	1887.9	13.0	2.0	72.6	11.6	0.8	135	5.4%	54%
ASIAN									
Singapore	1317.4	N/A	N/A	N/A	N/A	N/A	63	6.6%	115%
Tokyo	1397.4	4.4	0.8	14.3	2.0	N/A	109		105%
Hong Kong	760.4	8.0	1.7	25.2	2.4	1.1	94	6.1%	136%
Average	1158.4	6.2	1.3	19.8	2.2	1.1	88	6.3%	119%
Kuala Lumpur	1424.0	11.2	1.0	90.0	22.8	1.0	18	6.3%	135%
Surabaya	404.0	3.1	0.9	42.0	11.7	4.3	10	10.0%	127%
Jakarta	653.2	16.2	0.9	57.7	9.3	3.4	15	7.5%	101%
Bangkok	1304.4	3.6	1.8	84.6	23.2	9.1	71	7.3%	93%
Seoul	704.7	8.9	1.5	28.8	3.6	1.4	72	5.0%	97%
Beijing	N/A	N/A	N/A	N/A	N/A	N/A	61	7.2%	20%
Manila	528.9	9.2	1.5	67.5	11.2	1.5	23	8.5%	122%
Average	836.5	8.7	1.3	61.8	13.6	3.4	39	7.4%	99%