

SESSION: TRANSPORT DEREGULATION - A PERSONAL VIEW.

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Introduction

When asked to provide this paper on transport deregulation, I admit to being a little reluctant. There are so many other things I would rather tell you.

Transport deregulation has already been well covered at a number conferences in New Zealand. However, Bruce explained that he had received a number of requests from Australian delegates, so I finally relented.

I must admit that being able to present a personal view on the subject however, has some distinct advantages.

It also has some obvious disadvantages - how many Canterbury Regional Councillors are present in the audience ?

It is obviously pertinent at this stage for me to highlight that **this is very much a personal opinion and should not in anyway be assumed to represent the opinion of the Canterbury Regional Council, Councillors and/or staff.**

When it all began

Transport deregulation had been talked about for many years. In fact rumour has half-a-dozen "suits" from Wellington appearing on the scene at the Christchurch Transport Board offices (now a plush hotel) in the late 1970s.

Noticeable impacts began to take effect in 1989 with far reaching local government reforms that saw the demise of the Christchurch Transport Board (my employer for more than a decade).

Ownership of the buses was handed to the Christchurch City Council along with everything that previously came under the Christchurch Transport Board.

As far as public passenger transport was concerned, legislation required full deregulation to be implemented in July 1991.

The main aim of the reforms was to separate planning and funding from service delivery. The responsibility for planning and funding went to Regional Councils and bus operators became service providers.

In Christchurch and Timaru, buses make up a major part of the public passenger transport system. However, let's not forget the taxi industry, which has also been deregulated.

Most regional councils adopted a fairly stringent deregulation process. Central government had provided options to support incumbent operators. In most regions these were largely ignored.

One regional council adopted a softly, softly approach. In this particular region they allowed the incumbent a 25% weighting on their tender price for contracts let in the first year. This was in line with the Competitive Pricing Procedures of the day.

It is claimed that this weighting, though included in the tender documents, was never actually applied. Strangely enough nobody tendered against the incumbent operators in this region !

This weighting had to reduce to 12.5% for contracts tendered in the second year.

I do not believe that there was any wrong choice made here. Without the 25% weighting the incumbent (mostly council owned) operators faced redundancy payments.

With the 25% weighting, the number of redundancy payments reduced but contract prices were generally higher.

My Mistakes and theirs

There were some mistakes made along the way.

For my part, I took the redundancy payment and became a salesperson convinced I would have nothing more to do with transport, especially public transport.

My mistake was not leaving the industry, but rather to believe I could stay away from transport. However, the time away from the industry showed me that private enterprise did not manage their businesses very well.

To his credit, I could now see that throughout my employment with the Christchurch Transport Board the then General Manager of the Board had implemented significant advances in staff management techniques and positioned the Christchurch Transport Board extremely well for the competitive environment.

The purchase of the M.A.N. urban buses and a superb fleet of tour coaches were other good investment decisions made during this time. I have no doubt that decisions made at this time have contributed to Christchurch Transport Limited's ability to compete in the competitive market against some very lean privately owned companies.

In my opinion, some mistakes that were made leading into deregulation by the Canterbury Regional Council and Christchurch Transport Limited could have been avoided. I would however, point out that I was on the outside looking in with the advantage of 20/20 hindsight vision.

Regional Council Mistakes

I feel the Regional Council should have realised that changes to the service provider through the Competitive Pricing Procedures would be significant enough without introducing other changes at the same time.

Some of the changes that could have been implemented at a later date include:

- Significant changes made to a number of routes
- The fare structure - off peak fares were dropped and zones introduced. Transfer tickets were promised but not delivered until March 1997
- Vehicle quality standards were not set high enough. Small but important items such as heaters had not been specified.

One change that made tendering easier, but possibly could have been held over was to drop through routing (buses travelling from one destination through Cathedral Square to another destination).

Operator Mistakes

In my opinion the biggest mistake made by Christchurch Transport Limited was the decision to put the old Bristol REs in storage rather than sell them.

If their major competitor had been able to purchase these Bristols instead of the Mercedes 0305s they eventually purchased from the Yellow Bus Company in Auckland, they may have gone broke.

They certainly wouldn't have been able to rebuild the Bristols to the same high standard as the Mercedes 0305 !

New operators entering the urban public passenger market relied quite heavily on staff they had acquired from the old Christchurch Transport Board. In some cases buses were apparently arriving the weekend before new services were due to start !

The combination of revised routes, unfamiliar buses and drivers new to the urban market led to total confusion within the industry. The end result of all this was total confusion on the roads.

All operators underestimated the staff training required to familiarise their staff with the changes. Even the Big Reds were going the wrong way on now unfamiliar routes. Trips ran late and at times did not run at all.

Nobody really won any friends in the first weeks of July 1991. Patronage continued the steep decline that had begun in 1989 and was not arrested until 1993.

Who was the biggest loser

The biggest loser through deregulation had to be the bus users. They faced a number of changes that even the most avid public transport follower would have been hard pressed to keep abreast of. Keep in mind that 1 July is heading into the middle of winter.

- Bus routes have changed
- Buses had not only changed colour, but were not up to the high standard that Christchurch passenger had become accustomed to.
- Buses with no heaters, narrow doors, high steps, high floors, narrow aisles etc.
- During evenings and weekends some routes were serviced by 10 seater taxi vans
 - How would the intending passenger know which is the bus service and which is a taxi ?
 - Often the taxi van was full and intending passengers had to wait for another vehicle to be diverted to cover the bus route
 - Vans are all very nice and friendly when you book them as a taxi with your friends. Used as a bus people were often reluctant if they had to squeeze into the back with someone they didn't know.

And the winners

Ratepayers and taxpayers appeared to be the winners once the issue of redundancy payments had been resolved. Funding for passenger transport reduced from \$14m to \$9m.

But had they really seen any significant savings ? The age-old arguments come into play at this point.

Someone must pay for the increased congestion on the roads. These costs can be felt in a number of areas such as:

- Increased vehicle accidents.
- Increased impact on health services.
- Increased expenditure on roading.
- Increased vehicle pollution.
- Increased use of fossil fuels.

- Decreased use of alternatives such as cycling - it is no longer safe to cycle.

The problem is that nobody to date has actually been able to identify the cost shifting.

The real winner, on the surface, had to be central government. Transfund contribution reduced in most regions.

What has been achieved ?

In the years since July 1991 we've all learnt a great deal.

- The decline in patronage in Christchurch has been turned around for the first time in a number of years.
- Cost recovery overall has increased from around 40% pre-1991 to around 50% over the past few years.
- Routes that previously stopped within a residential area have been extended to terminate at identified attractions such as shopping malls.
- Frequency passing major attractions such as Canterbury University has been increased to meet demand.
- Low floor wheelchair accessible buses have been introduced across a number of routes. Contracts have been let in the past 18 months that require 43 low floor wheelchair accessible buses.
- We are currently averaging around 20% patronage growth on routes that have had these enhancements introduced.

At the regional council we've learnt a number of valuable lessons such as:

- People really do want a good bus service and are willing to pay a reasonable subsidy towards it.
- Some people will never give up the freedom that their motor car gives, even if the buses are free. To their credit however, most of these people can see the benefit of subsidising public passenger transport.
- Re-investment in fleet and infrastructure is vital to maintaining patronage growth. People like to be proud of their city's public transport system and they don't want to travel on "dungers" or stand in the rain waiting.
- People want to be consulted about any changes to their services. They want to have an input and in doing this they will take ownership of their public passenger transport system.
- If the council doesn't set minimum standards high enough, then the service the successful tenderer will provide will not satisfy most users. In other words you get what you are prepared to pay for.
- In the competitive market we now have, bus companies will cut corners to keep price down. Invariably cuts will impact on the front line staff with impractical schedules that a formula one driver would be pressed to keep. The end result is unhappy, stressed drivers and this impacts directly on the passenger.

This is unfortunate as we have found it becomes necessary to become very prescriptive in our tender documents to reduce the operator's ability to cut corners. We haven't got the balance for contract conditions and incentives right yet. Somehow we have to find a method that encourages the bus operator to take ownership of the service.

- We still have a long way to go to get the public passenger transport network in our two main urban areas right.
- Timaru is currently facing declining patronage numbers and will require some lateral thinking to generate patronage growth. The local council recently removed buses from the CBD providing better parking and access for the motor car. While bus routes were only moved one block away, that block is uphill from the CBD.
- Christchurch needs significant upgrades to infrastructure (such as shelters, seats, bus lanes, traffic priorities), improved scheduling and customer focused service.

Major arterial routes need to be straightened with increased frequency, express services. Community services with smaller buses feeding into arterial routes at major attractions need to be introduced.

- In late 1995 we reviewed all existing contracts, routes and major arterial flows. The city was then divided into five sectors based on this information. Since 1996 we have been realigning contracts into these sectors.

It is hoped that the end result of all this, around 2002, will allow output based funding with bus operators able to franchise a sector of the city and become more proactive in establishing routes and services to meet the needs of residents and businesses in their area.

The finer details of this programme are still to be worked through.

Increased congestion

We have to get it right as recent research has shown that between 1991 and 1996 traffic in Christchurch has grown by 18%. Christchurch will face a predicted 43% increase in traffic over the next 20 years. Journeys will take 60% longer, vehicle pollution will increase and motorists will start 'rat running' between major thoroughfares.

The Canterbury Regional Council and the Christchurch City Council have almost finalised a passenger transport strategy called "Our Future, Our Choice".

Along the way we've received some shocks and surprises. Over 840 submissions were received. 825 of these were from individuals.

Over 85% asked us to make significant passenger transport improvements over the next 20 years. This has now been incorporated into bold targets including:

- 400% patronage increase
- Hold traffic growth down around 20 - 30%
- Don't allow journey times to increase by any more than 35%

- Increase investment in passenger transport and less on roads
- Reduce pollution and noise

Some others who made submissions felt we were still not doing enough !

QUESTIONS:

QUESTION: Frank Doherty (Tramway Historical Society Inc)

ANSWER: Low floor buses - How many wheelchair passengers do you carry ?
One wheelchair per bus contracted. If more than one wheelchair passenger waiting, the second one has to wait for the next bus. Semi-mobiles (persons able to walk short distances etc) can be carried in addition to the wheelchair-bound passenger. Delay in loading - 30-45 seconds.

QUESTION: Gerard Cooper (Tramway Historical Society Inc)

How many wheelchair passengers do you carry per week ?

ANSWER: Minuscule, compared to total loads.

COMMENT: Barry Ollershaw (Wellington Tramway Museum)

Stagecoach Wellington had converted 4 buses to carry wheelchairs, but had stated that it would be cheaper to give every mobility impaired person a disabled equipped car than to convert the entire bus fleet.

QUESTION: Christopher Steele (Australian Electric Traction Museum)

In complimenting Wayne on his paper he questioned why do transport planners avoid providing services to Airports ?

ANSWER: From Christchurch's perspective; Midland ran to meet most arriving aircraft and ran at a loss, however the Christchurch Transport Board ran to a frequency but not meeting every aircraft and ran at a profit. This operation continues.

QUESTION: Bill Kingsley - Bendigo Trust

In your timetables, do you identify Low Floor operated routes ?

ANSWER: Yes. The contract obliges operators to identify that service.

QUESTION: Don Potts - Elecrail Melbourne

Are there any benefits from centralising all bus services on Cathedral Square compared to through routing ?

ANSWER: Through routing is a curse. Delays and breakdowns have a flow on effect across at least two routes and across the suburbs. Hubbing services at the Square provides a better service. Effects from delays and breakdowns are minimised to one route. Buses can be positioned to take up position when delays occur, thus minimising flow on effects and passengers are given a better and wider range of services emanating from one place.