

AUSTRALIAN INTERCITY MOTOR COACH TRANSPORT - WHO WATCHES  
OVER THE BEST INTEREST OF THE PASSENGER?

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**ABSTRACT:** *The paper briefly reviews what the author considers to be inequities and inefficiencies facing the intercity motor coach industry. These include conflicting laws and regulations from State to State, covering vehicle specifications, taxation and rules of convenience and necessity, and also problems raised by new regulations. It is argued that Australia cannot afford long haul rail passenger service and that buses should be allowed freer competition in this market.*

1. AUSTRALIAN INTER CITY MOTOR COACH TRANSPORT -  
WHO WATCHES OVER THE BEST INTEREST OF THE PASSENGER ?

For 17 years I have maintained a home in Australia and prior to 1960 I was a frequent visitor. My wife is one of the many English women who was brought here at an early age and consider Australia home. Our family was borne in Australia. While I am proud to be an American I have an equal pride in being part of Australia and find myself pulling for our "home" team in sporting events and other contested matters involving America. What I am really saying is - I have the best interests of Australia in mind in presenting this paper today and hope you will accept what I have to say in this spirit.

Over the years I have been impressed by the number of times certain proposals are rejected on the basis of the experience of the proposition when tested overseas. Australia is frequently intelligent enough to avoid the dangers and pitfalls of certain suggestions by studying the experiences of other peoples and countries. Would that the United States had been clever enough to study the Australian experience before introducing Amtrak, the American passenger rail system inaugurated on 30th October, 1970. Just look at what has happened since Amtrak's introduction, when it was created by the U.S. Congress with a massive infusion of tax dollars and the mandate to go forward and be profitable by 1976 by providing a rail service that taxpayers would use and be willing to pay for.

Six years after its creation Amtrak is not only not profitable, it has behaved like a blotter! soaking up more than \$1.5 billion in taxpayers subsidies. In 1972, Amtrak's first full year of operation, the system carried 16.6 million passengers which had to be subsidized to the extent of \$8.85 a head. By 1976, Amtrak had been able to increase its ridership to 17,000,000 --- a mere 2% --- but its subsidy was something else! That had taken off like a helicopter in a straight upward direction of \$24 a passenger or an increase of more than 170%. 92% of the American population pays subsidies or taxes so 08% can ride Amtrak (because of repeat riders it is estimated that only 1/2 of 1% of the American people ride the trains), --- and, by its own admission the deficit is forecast to rise to a massive \$1.8 million a day.

Is there a familiar ring to this story? Well then listen to this. The average Amtrak rider is an individual who lives in an area that is serviced not only by Amtrak but by bus and airlines. He travels on trains where he imbibes in the bar car, relaxes in the lounge car, and eats in the dining car where the menu has been pegged to pre-inflation prices. He is the same fellow who voices righteous indignation over the high cost of welfare and vociferously disapproves of the freeloaders who fraudulently angle themselves onto the welfare rolls. But he's on the welfare rolls himself every time he rides the train and lets his fellow taxpayers ante up \$24 in subsidies. Hopefully the attitude in America is rapidly reaching the point where Amtrak will be ordered to stop being part of the welfare system and become part of the transportation system or get out of business.

This is a preamble to a set of circumstances of which the average Australian is unaware --- circumstances no one has taken the trouble to explain --- a situation acceptable because of tradition and time. A situation, I submit which would fare no better than an analogy of the Australian inter-city passenger rail system with Amtrak!

If you are looking for the national passenger transportation system in Australia it should be the inter-city motor coach. It delivers passenger seat miles 81% more efficiently than the jet airplane, 53% more efficiently than the auto and 44% than the train. It is inexpensive, flexible, convenient, and can reflect a style of acceptable comfort for all who seek motor coach service

This is not to advocate the abandonment of passenger air or rail services -- it is rather to seek a starting point, an awareness, of the advantages of placing the motor coach on an equal footing, in all ways, with air and rail services. Given equal opportunity to compete there is no question the average Australian would turn to the motor coach. The motor coach rider is the average Australian and the least affluent member of our society, and we are ripping him off in various, not-so-subtle ways. For example :

- (a) He pays taxes which subsidize the rail rider while the train passenger does nothing for him.
- (b) He pays full fare for his motor coach ticket because the bus companies don't get, or want, subsidies.
- (c) He suffers from regulations which prevent him from enjoying the quality and frequency of service to which he is entitled.
- (d) He suffers from regulations which prevent the development and expansion of motor coach services of a high standard.

Let's examine these allegations in some detail :

## 2. SECTION 92 OF THE AUSTRALIAN CONSTITUTION

In Australian transport this is probably the most important and referred to section of the Constitution. It says in essence that no one has the right to regulate inter-state transport of passengers and goods. The section was inconvenient for the operation of airlines under a controlled monopoly concept so by the simple expedient of limiting the weight of aircraft which can be imported for the public carriage of goods and passengers Section 92 has been circumvented for the air passenger. The air passenger, the more affluent section of our society, made known the type of service he wanted and everyone put their mind to providing it for him. Not so with the motor coach passenger!

Today modern, luxurious buses, the finest money can buy, ply between communities needing and wanting motor coach service which cannot be provided. Buses with empty seats are prevented from serving public convenience and necessity because of Section 92.

Each state has the right to grant operating rights within its boundaries and in some instances there is evidence that the public is receiving some consideration. Inter-state operators are sometimes being permitted the privilege of carrying intra-state passengers. There is no uniformity in the granting of these rights from state to state and little or no thought or consideration is being given to the economic welfare of the passenger or the motor coach company.

Local intra-state bus lines are granted operating rights over segments of the inter-state operator. Frequently these rights are limited to operations between two fixed points with no intermediate pickup and drop privileges. When two or more of these closed door operations duplicate sections of the same route unused passenger capacity is wasted.

To the professional transportation person the waste is inexcusable in these days of energy shortages. It also seems odd that the tools to regulate orderly, economic air transportation were found without too much difficulty but the same has never happened for the less affluent, less valuable, less able to make his needs known, coach traveller.

Could it be that someone is trying to protect what little is left of the inter-city rail business?

### 3. QUEENSLAND REGULATIONS

In Queensland, the state which has the most open intra-state bus licensing policy, all operating rights are acquired by application to the Public Transport Department. If local rights are granted the bus operator must pay for intra-state passengers, a road tax of a  $\frac{1}{2}$  cent per passenger mile to the state. In addition, the bus operator pays fuel tax, registration tax and all the other taxes and fees necessary to run a business. Does the road tax go to support a passenger railroad system which very few people want (estimated to be  $\frac{1}{2}$  of 1% in the U.S.)? Why is the coach operator able to subsidize his competitor, the railroad, and stay in business and make a profit. It is simply because the bus is more efficient, renders a better service and meets the public need. More on this later.

### 4. NEW WESTERN AUSTRALIA REGULATIONS GOVERNING THE LIFE OF OMNIBUSES

On 1 July, 1976, a new set of regulations setting out how long an "omnibus" can be operated in tourist or charter work in Western Australia was introduced. Buses under this system are classified by a series of "stars" numbering downward from 5 stars to 1 star. A 5 star bus is described as having luxury head-rest reclining type seats, fully transverse seating, "wide visibility" windows, radio and/or tape player and public address system, interior parcel racks, large capacity luggage compartments, heating and approved refrigerated air-conditioning. A 4 star motor coach is the same as a 5 star but reclining seats are not essential and with jet air-conditioning in lieu of refrigerated air-conditioning. Amenities decline to the 1 star category which are described as "standard" commuter type vehicles. Further, the Commissioner in Western Australia has decided that buses rated in 5 and 4 star categories must be, as a general policy, replaced after 5 years service. However, in certain circumstances and with special approval, this 5 year period may be extended to 7 years, but each case will be dealt with on its merits. Buses rated in all other categories must be replaced after 10 years service.

Whether or not the legislators are aware of it they have practically copied verbatim the motor coach standards of Western Europe. However, they have not recognized the difference in the requirements for operating buses in W.A. as compared to Europe. Neither have they studied the results and effects

of the European regulations on motor coach quality on the Continent.

On the one hand we have a densely populated area with modern highways and a fully developed rail system that goes practically everywhere. The Europeans are not hypocritical and openly admit their transport regulations are there to prevent the bus from competing with the train.

Buses are permitted to carry tourists on charter and must only do so on a round trip basis so as not to compete on a point to point route with the rail service. Buses may be used in deluxe service for a maximum of five years.

Europe has inherited, as a result of these policies, buses with built in obsolescence --- buses that are built to last 5 years and collapse. These buses cannot be operated successfully over the road systems of Australia. They cannot meet the day in and day out rigours of demanding schedules. They are not built to operate under the rugged requirements laid down by the terrain, the size, and climate and the general condition of Australia or in this specific instance, Western Australia.

Buses are maintained and operated in Australia on the basis of mileage being the standard. Good inter-city buses will run about 400,000 miles between major overhauls. Transmissions, axles and running gear are built to this requirement. The cost of the most recent delivery of coaches meeting this standard was \$143,000 per coach.

A coach operated in tourist charter work does not run the miles or have to meet the rugged scheduling of the inter-city bus. But it operates over the same roads and should offer the same standard of safety and reliability. Safety and reliability may be the key words here. An investigation of a large fleet of tourist charter buses revealed the average travel per coach per year to be about 50,000 miles. A 5 star coach in W.A., were they to have buses built to handle the roads and local conditions --- the best available today --- would travel about 250,000 in the first five years and would not even be ready for its first overhaul.

What would be the depreciation schedule on these coaches? The Federal Government allows a seven year depreciation for buses of the type that are presently being used by the most successful operators. Therefore this \$143,000 bus, on a straight line basis, would be depreciated after five years to \$41,860. What do you do with the bus at that time? It really isn't fully run in but other states will not be too pleased about receiving W.A.'s cast off coaches if you have attempted to move them. Is there a charter or tourist operator who can economically live with a \$20,500 depreciation per year. I think not. The result will be exactly what has happened elsewhere --- engineering will develop coaches which will meet minimum standards and not maximum safety and reliability.

Let me put it to you a different way. A first line bus in inter-city operation operates approximately 15,000 miles per month --- or in 16 2/3 months would run as far as the average charter coach in five years. However, well constructed motor coaches are much the same as an aircraft --- remember the DC3, some of which are still flying almost 40 years after their introduction --- if a good coach is properly maintained and overhauled it will render a safe and reliable service for up to 3,000,000 miles. We have many coaches with this mileage in Greyhound America. The famous Scenicruiser deck and a half coach, which probably did more to attract bus passengers than any other bus, was put

into operation 25 years ago. A few of them are still in operation and from a passenger appeal and comfort standpoint compete favourably with later models. Experienced bus operators cannot agree with or accept this new W.A. concept of grading charter buses in my opinion. Hopefully, this project will be given further consideration. The objectives W.A. should wish to achieve, a safe modern tourist fleet of coaches of which they can be proud and will attract and serve the visitor and local people, will not be achieved through the methods they are pursuing. The immediate results will be higher costs and the long range results will be inflationary, and buses being built to minimum standards. Why can't Western Australia be satisfied with a strict system of inspection which would ensure safe reliable transportation, clean and attractive coaches with eye appeal, and include all of the passenger comforts that can be reasonably expected aboard a first class coach. If a coach should meet these standards it should be permitted to operate so long as it can economically and efficiently do so.

### 5. CONCLUSIONS

The time has come when certain circumstances must be recognised. In 1950 more than 85% of trans-Atlantic passengers rode ships. In 15 years 85% rode airplanes. Now there are no regularly scheduled passenger liners -- they have been forced into cruising and other alternatives. The cost of maintaining rail passenger service for long haul inter-city services (I would describe long haul as anything over 200 miles) is a luxury Australia cannot afford. Canadian Pacific has just given up its rail passenger service to Canadian National in a country with 9,800,000 more people than we have, to say nothing about 210 million affluent Americans living along its border. The United States is burdened with the staggering losses of Amtrak and will have to reassess their position. The true picture of the long haul rail passenger service is a grim one which has no operating solution. The sooner this is recognised and reasonable alternatives are provided the better it will be for Australia.

In Victoria and New South Wales particularly, and in the other states to a degree, there is a continuing rationalization of rail passenger services, some of which are being replaced by road transport. It is not enough to really correct a situation, the details of which would suffer by comparison to a greater degree than those briefly outlined for Amtrak. It is my considered opinion, after spending more than 40 years in the business of transporting passengers, Australia can no longer afford the luxury of long haul rail passenger service! I'm not naive enough to believe that by the delivery of this paper today, an impression will be strongly enough implanted to start us down the road to correcting those items described here this afternoon. I will be pleased if this paper starts a few of you to think about this situation to explore alternatives. Productivity is a shortcoming of ours here in Australia and it exists everywhere. With the requirements to our complex, modern society so demanding upon our economy, and with real need existing in so many areas, how can we conscientiously continue to pour taxpayers dollars down the drain of virtually unwanted and unneeded services. How can we continue to ignore the efficient economical alternatives available to us.

It is my considered opinion that the very least that should be done is to permit the motor coach to effectively compete with the rail services. Let the travelling public decide which services they want to patronize. No simpler solution would prove the transportation, public convenience and necessity for the average Australian citizen. Who will find the key to how this simple experiment can be undertaken?

Who watches over the best interest of the Australian passenger?