

Performance Audit Report

Fare Evasion on Public Transport

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Glossary of Terms and Abbreviations

Adult – Ticketing Purposes	For public transport ticket purchasing purposes an adult is a person of 16 years of age and above.
Adult – Fine Purposes	In accordance with the respective rail revenue protection regulations an adult is a person of 18 years of age or above. A penalty notice (infringement) issued for rail fare evasion offence by an adult attracts the full monetary penalty of \$100, as do such offences on buses and ferries.
Child – Ticketing Purposes	For public transport ticket purchasing purposes a child is a person above the age of 4 years but below the age of 16 years.
CityRail	A division of SRA responsible for rail passenger transport (on electrified and non-electrified rail systems) within the area bounded by Sydney, Bathurst, Nowra, Goulburn, Dungog and Scone.
CN/CNs	Caution Notice(s) issued by the State Transit Authority.
CSC1/CSC1s	Customer Service Co-ordinator(s) Grade 1 is an employee of Sydney Buses who apportion their working time between driving buses and also undertaking fare evasion checks
Fare Evasion	<p>Fare evasion occurs when a passenger:</p> <ul style="list-style-type: none">▪ travels on a transport system without purchasing a ticket (unticketed)▪ continues to travel beyond the limit authorised by the ticket (over-riding)▪ travels using a concession ticket to which the passenger is not entitled (concession offence)▪ travels using a periodical ticket to which the passenger is not entitled (transfer ticket offence). <p>In this report these fare evasion types are termed as not being in possession of a valid ticket for the specified journey.</p>
IPART	Independent Pricing and Regulatory Tribunal of NSW.
IPB	Infringement Processing Bureau (of the Police Service).
Juvenile – Fine Purposes	In accordance with the respective rail regulations a juvenile is a person who is under the age of 18 years. A penalty notice (infringement) issued for a rail fare evasion offence by a juvenile attracts a monetary penalty of \$50, half the amount of the adult monetary penalty. Juvenile bus and ferry fare evasion offences attract a full monetary penalty of \$100.
NSW	New South Wales.
"over-riding"	Refers to a passenger extending his/her journey on public transport beyond the point authorised by a ticket in the passenger's possession.

Periodical Ticket	This is a ticket for regular travellers which entitles the purchaser to unlimited journeys between specified points/zones during the currency of the ticket for example weekly, quarterly and yearly ticket (which within services is referred to as a pass).
PN/PNs	Penalty Notice(s) or infringement(s).
Police Service	The NSW Police Service.
representation	A written submission, usually in the form of a letter, providing grounds as to why the penalty nominated in the infringement should not be payable. Analysis of successful representations provides insight into law enforcement practice deficiencies.
RPO	Revenue Protection Officer. This is the title used by CityRail and in this Report this term is used generically to also include STA revenue protection staff.
RPU	Revenue Protection Unit(s) of CityRail.
SDRO	State Debt Recovery Office, part of the NSW Attorney General's Department.
SRA	The State Rail Authority of New South Wales.
STA	The State Transit Authority of New South Wales.
Sydney Buses	A division of STA responsible for operating public bus services within the Sydney metropolitan area.
Sydney Ferries	A division of STA responsible for operating public ferry services on Sydney Harbour and up the Parramatta River to Parramatta.
TPS	Traffic Penalties System. (A computer system set up within the IPB to record the issue and payment of traffic and parking infringement notices. Its use was later extended to record infringements arising from other enforcement activities, such as within public transport).
Transit Police	Members of the NSW Police Service specialising in transport policing.
TVM/TVMs	Ticket Vending Machine(s), different types of which are used by CityRail and Sydney Ferries to permit intending passengers to purchase tickets without the involvement of authority ticket office staff. Some CityRail TVMs sell tickets useable on STA services.
Wide Gate Usage Compliance Measure (CityRail)	Wide gates are only to be used by certain classes of passengers. A measure of compliance with this requirement is the proportion of passengers required to enter/exit a railway station via the electronic ticket barriers. CityRail found this to be closely correlated with the proportion of single journey tickets sales recorded as passing through the electronic ticket barriers at the railway station.

Executive Summary

Executive Summary

The Audit

The audit reviewed the arrangements designed to protect revenues from loss through fare evasion on government owned and operated public transport, that is rail, bus and ferry services within the environs of Sydney.

Agencies reviewed were:

- State Rail Authority (SRA) - rail (**CityRail**)
- State Transit Authority (STA) - buses (**Sydney Buses**) and ferries (**Sydney Ferries**).

Fare Revenue

The total revenue from fares from these three services was \$592m during 1998-99. As a consequence, a small percentage of fare evasion can have a significant impact on the revenue to operators.

Audit Opinion

The Audit Office is of the opinion that whilst agencies have taken steps to combat fare evasion, the current arrangements are not adequate and improvement is required.

A significant number of passengers travel without paying the due fare, resulting in many millions of dollars in revenue foregone. Even when infringed, the majority does not pay the fine. To some extent it would appear to be due to the lack of a provision requiring evaders to produce valid identification.

There is also a need to overcome the very low rate of enforcement of fines imposed. This would require agencies to address weaknesses in their systems and procedures to enforce fines imposed and for the Government to address the lack of a provision requiring production of proof of identity by fare evaders.

While the statistically based methodology used by the SRA to estimate fare evasion is more reliable than the methodology used by the STA, its implementation has been questioned. There is a need therefore, for the SRA and the STA to estimate more reliably the extent of fare evasion. Only with more accurate estimates can the most appropriate response to fare evasion be developed.

The audit opinion is based on the following findings.

Audit Findings

Fare Evasion

Public transport operates what is termed open and closed systems to regulate passenger travel. Closed systems make use of electronic barriers and staff to verify passengers' tickets and offer greater control that passengers are correctly ticketed (compared to open systems).

CityRail operates a partially closed system to regulate passenger travel; Sydney Buses a relatively closed system with bus drivers required to ensure boarding passengers are correctly ticketed; and Sydney Ferries is a mixture of open and closed systems.

To estimate the extent of fare evasion by passengers:

- CityRail conducts statistically based sampling
- Sydney Buses use non statistical sampling
- Sydney Ferries has not estimated the level of fare evasion.

Statistically based sampling is regarded as a more reliable methodology than non-statistical sampling. The latter method, as practised, often involves random sampling only.

Rate of Evasion

CityRail has estimated fare evasion on trains to be 4.1% as at May 2000 (or one in 24 passengers travel without a valid ticket). It is not evident, however, that the estimate is reliable due to concerns with the implementation of CityRail's methodology. Sydney Buses estimates fare evasion to be 0.7% (or one in 148 passengers).

Detection

Based on the estimates of fare evasion and actual offence detection rates in 1998-99:

- 10.8m passengers used rail transport during 1998-99 without a valid ticket; revenue foregone is estimated to be \$27.3m. Only one of every 112 incidences of fare evasion on rail was detected and infringed (0.9%)
- 1.3m passengers used buses during 1998-99 without a valid ticket; one of every 178 (0.6%) incidences of fare evasion on buses was detected and passengers infringed or cautioned. An estimate of the revenue forgone by Sydney Buses is not available.

Comparable statistics for Sydney Ferries are not available.

The extent of fare evasion would seem to be influenced by the type of system, that is open or closed. In determining the response to fare evasion the rates of fare evasion and rates of detection need to be taken into account.

Passengers without Tickets

In most CityRail stations tickets are not validated for passengers entering or exiting the station. In addition station staff are not authorised to issue infringements to passengers not in possession of a valid ticket, or accompany an unticketed passenger to a ticket selling facility. In the absence of a Revenue Protection Officer (RPO), an unticketed passenger seeking to enter or exit the system may, therefore, avoid payment of the fare and the issue of an infringement.

By contrast Sydney Buses require bus drivers to ensure passengers:

- pay the correct fare for the journey stipulated by the passenger or
- “dip” a valid ticket into the electronic ticket verifier.

This degree of control able to be exercised by Sydney Buses means that passengers are more likely to be in possession of a valid ticket compared to the relatively open system of CityRail.

Non-payment of Fines

In 1998-99 approximately 100,000 infringement notices, valued at \$9.1m, were issued to passengers found to be in breach of the public transport revenue protection law. Of these infringements, 69.2% were not paid by the due date. After subsequent action had been taken the rate of default of the 1998-99 notices had, by March 2000, reduced to 58.5%.

The misuse of concession travel entitlements is a form of fare evasion. In 1998-99 20%, 40% and 98% of fare evasion infringements issued for rail, bus and ferry travel respectively involved concession travel abuse.

Better Identification Requirements

There is also a need to resolve the issue of identification of passengers at the time of any offence. In NSW the law currently requires a passenger on public transport to carry his/her entitlement to concession travel. Apart from this requirement there is no provision to require fare evaders to produce proof of identify.

CityRail has so far unsuccessfully sought to change the legislative requirements to enable authorised officers to verify the identity of passengers at the time of offence, although a new proposal for legislative change with regard to verification is currently under consideration.

While the State Debt Recovery Office (SDRO) is not able to provide statistics on the level of defaults arising from an incorrect name and address, CityRail referred to "thousands" of infringements returned by Australia Post as "undeliverable". The reason for the high incidence of returns is presumed to be that the names and/or addresses given by passengers at the time of offence were not accurate.

In the United Kingdom, periodic ticket holders need to carry with their periodic ticket a card, that can be issued at railway stations, containing a unique number and a photo of the card holder. The number from the card is then transferred to each new periodic ticket purchased.

*Frequent Fare
Evaders - Rail*

Between February 1997 and September 1999, 862 passengers incurred 10 or more infringements for fare evasion involving travel by rail. One rail passenger was infringed on 159 occasions during this period and, over two consecutive days in July 1999, was issued with 14 infringements.

*Fine Default
Enforcement Action*

Generally, action against fine defaulters by the SDRO comprises issuing of enforcement orders and, where possible, suspension or cancellation of a driver's licence, vehicle registration and the imposition of business restrictions by the Roads and Traffic Authority.

The option of civil action against fare defaulters has not been taken for approximately two years (as at March 2000), including action against frequent fare evaders. Reasons given were resource constraints; the backlog of defaults existing when the SDRO commenced business on 28 January 1998; and the need to confirm the identification of fine defaulters.

Increased funding has been provided by Treasury to the SDRO for the fiscal years 2000-01 to 2002-03 to address the accumulation of matters awaiting progress through the whole fine default enforcement process.

Review of Fines

There is also a risk that the deterrent component of the law may be diminished because:

- fine amounts are unchanged for at least 5 years despite upward movements in the consumer price index
- the comparatively low payment rate (of fines) seriously detracts from the effectiveness of revenue protection enforcement activities.

The court may impose a maximum penalty of \$550 for each offence under the public transport law; penalties (either monetary or custodial) do not increase relative to the frequency of offence (by a passenger). The current arrangements may not, therefore, be sufficient deterrent to frequent fare evaders.

In the United Kingdom frequent fare evaders are prosecuted and the courts may impose a maximum fine of £1,000 or a custodial sentence of up to 3 months.

The Law and its Application

It is also noted that the law for revenue protection differs in certain key areas between operators for no apparent reason.

For example, the penalty for an offence by juveniles is \$100 on bus and ferry services but \$50 on rail; over-riding is a specifically prescribed offence on rail but not so on bus and ferry services.

The extent of consistency in the law is a matter for the Government and the Parliament, however, consistency in the response to common offences types would offer a degree of synergy across the public transport system.

Accountability

Accountability for fare revenue protection needs to be improved. Reports to management tend to convey a level of "activity" rather than outcomes achieved. The success of measures and strategies to protect fare revenue needs to be measured against a level of expected performance.

At the time of the audit the duties and accountabilities for revenue protection activities on Sydney Ferries were shared between STA and Sydney Ferries. This gave rise to a gap in accountability. In response to the draft report the STA has advised the Audit Office that the General Manager of Sydney Ferries is responsible for revenue protection and its outcomes while the Revenue Protection Manager of STA assists with the delivery of strategies and activities.

There is also a need to articulate more clearly the relative priority to be given to the competing objectives of customer service/satisfaction and efforts to protect fare revenue.

<i>Human Resources</i>	<p>In terms of planning for revenue protection, intelligence needs to drive rostering and the tasking of resources to those areas where fare evasion is considered most prevalent.</p> <p>The Audit Office found that staffing levels tend to be historically based rather than linked to predetermined outcomes. It is more likely, therefore, that current levels of staff are not appropriate for the task although there are other factors to be addressed before increasing/decreasing human resources.</p> <p>While CityRail and STA conduct special operations to detect fare evasion, both organisations are in need of a more robust methodology for determining the appropriate level of staff for revenue protection relative to predetermined outcomes.</p> <p>There is an acknowledgment at CityRail that additional revenue protection resources are required and an increase in levels has been approved and recruitment action has commenced. Sydney Buses and Sydney Ferries advise they determine resource requirements based on experience and experimentation.</p>
<i>Guidelines for Discretionary Powers</i>	<p>Uniform and comprehensive guidelines as to the exercise of discretion (for those who have the responsibility to enforce the law) are warranted.</p> <p>The absence of adequate guidelines on the appropriate use of discretion carries a risk that the transparency of the decision making process will be questioned and that discretion itself will be subject to abuse.</p>
<i>Wide Gate Usage</i>	<p>The effectiveness of electronic ticket validating machines is governed by the adequacy of supervision given by railway station staff to the wide gates (wide gates are for the use of passengers with luggage, passengers in wheel chairs etc.).</p> <p>The inappropriate use of the wide gates has been the subject of public comment by the Chief Executive Officer of the SRA and the print media.</p> <p>Observations by the Audit Office (supported by CityRail data) indicate that the wide gates continue to be used not as intended but used as an additional point of entry and exit for unencumbered passengers.</p>
<i>Public Education</i>	<p>There is a need to improve the extent and/or impact of public education in encouraging passengers to comply with the law.</p>

Other Issues

There is a concern that infringements have been issued:

- based on legislation that has been repealed or not proclaimed at the time of offence
- to passengers whose age is below the prescribed age; and
- to passengers where the penalty imposed was not consistent with the age of the offender.

In other cases fine revenue has not been distributed between the Consolidated Fund and the agency according to the law. Details are included within section 5 *Variations from the Law and/or Agency Policy*.

These issues of non-compliance with the law are the joint responsibility of :

- the Infringement Processing Bureau (IPB) in the processing of infringements
- and those agencies issuing infringements to adequately train and supervise staff and to monitor relevant changes to legislation and inform the IPB accordingly.

The incorrect imposition of penalties based on legislation which has been repealed or not proclaimed is a matter on which legal advice should be sought.

Recommendations

To improve the economy, efficiency and effectiveness of fare evasion measures, **it is recommended that:**

Provision of Estimates and Strategic Planning

Operators (and where applicable, the Transit Police and the Department of Transport):

- establish a statistically sound basis for reliably estimating the level of fare evasion on each transport system
- define more clearly corporate policy and objectives for revenue protection
- develop strategic plans for revenue protection which set management structure, optimum resources (human, information technology and financial) and establish accountabilities for targets, actions and timeframes
- obtain benchmarks and compile key performance indicators so as to measure and report outcomes achieved against targets and accomplishments against other operators (nationally and internationally)
- ensure that the management structure and accountability for the enforcement of transport laws is appropriate within agencies and facilitates inter agency information sharing and co-ordination
- increase public awareness and understanding of revenue protection law especially in terms of concession travel
- examine the complexity of concession entitlements, the standardisation of concession authorities and ways to reduce abuse of concession entitlements
- provide adequate guidance on discretion to those authorised to enforce the law (to ensure consistency and transparency in the application of the law).

The Level of Default

Operators and the NSW Police Service, with the assistance of the IPB and the SDRO:

- examine the reasons for the high level of default in the payment of fines from infringements issued
- initiate strategies to improve significantly the payment rate
- initiate strategy to deal with frequent fare evaders.

**The Infringement
Processing Bureau
(IPB)**

To improve the reliability and quality of information produced by the IPB for management purposes, **it is recommended** that the IPB and its clients and the SDRO implement procedures to ensure :

- infringements issued and processed comply with the law and agency policy
- the distribution of revenue complies with the law
- management information meets the needs of users.

Legal Advice

To ensure that the processing and actioning of infringements is in accordance with the law **it is recommended** that the IPB (on behalf of the Police Service, its clients and the SDRO) seek legal advice as to:

- whether a penalty is legally enforceable where legislation has been repealed or not proclaimed at the time of the offence and
- the appropriate course of action where an incorrect penalty for an offence has been imposed on a passenger.

1. Fare Evasion

1.1 Introduction

This section comments on fare evasion, its measurement, frequent fare evaders, and fine defaults.

1.2 Fare Evasion

Types

Fare evasion occurs when a passenger:

- travels on a transport system without purchasing a ticket (unticketed)
- continues to travel beyond the limit authorised by the ticket (over-riding)
- travels using a concession ticket to which the passenger is not entitled (concession offence)
- travels using a periodical ticket to which the passenger is not entitled (transfer ticket offence).

There is a view within policing circles that there is a correlation between members of the public who demonstrate anti-social behaviour and those who evade payment of fares.

Estimate *CityRail*

Using a statistically based methodology CityRail estimates fare evasion on trains to be 4.1% (or one in 24 passengers) as at May 2000.

Sydney Buses

Sydney Buses estimate that in 1998-99 approximately one million tickets were so inspected from a population of 185.8m passengers (0.6%). One in 148 passengers (or 0.7%) were found not to be correctly ticketed.

London Buses estimates, fare evasion to be 5% while the London Underground survey based estimate (for the year to November 1998) is 2.9%.

Inspection Rate

CityRail and Sydney Ferries do not record the number of tickets inspected.

Revenue Loss

Fare evasion results in loss of revenue which impacts on the level of the:

- Government's (taxpayer) subsidy to fund public transport
- level of fares levied on paying passengers.

**Infringements
Issued 1998-99**

The number and value of infringements issued in 1998-99 for fare evasion are shown in Exhibit 1.

Exhibit 1: Infringements Issued and Value 1998-99				
	Rail	Bus	Ferry	Total
PNs Issued	96,144	3,808	229	100,181
Value	\$8.7m	\$0.4m	\$0.02m	\$9.1m

Source: Audit Office Analysis

Note: Infringements issued in respect of rail by police officers (including Transit Police) and Revenue Protection Officers have been combined. CityRail and Police Service infringement issues in 1998-99 were 65,262 (\$6.012m) and 30,882 (\$2.690m) respectively.

As discussed later in this report (see section *1.6 Fine Defaults*) the majority of fines are, however, not paid.

**The Rate of
Infringement
*CityRail***

Based on the above survey, 10.8m passengers evaded the payment of fares on CityRail in 1998-99. In this same period approximately 96,000 passengers were infringed for fare evasion on trains. Expressed another way, only 1 of every 112 incidences of fare evasion was detected and infringed (0.9%).

Sydney Buses

Applying the non-statistical survey result for 1998-99 to the population of passengers using Sydney Buses, an estimated 1.3m passengers evaded the payment of fares. In this same period 7,036 infringements and caution notices were issued, or only 1 of every 178 (0.6%) incidences of fare evasion was detected and infringed/cautioned.

Sydney Ferries

The incidence of detection and infringement/caution on Sydney Ferries has not been estimated but Sydney Ferries does record the number of concession tickets inspected.

The detection of fare evasion on ferries is more difficult because of the ability of those passengers exiting the system at Circular Quay to purchase tickets prior to passing through the electronic barriers. At other wharves, where electronic barriers have not been installed, the extent of fare evasion can be detected.

Exemptions from Prosecution

There is statutory protection for rail passengers travelling without a ticket where prior purchase was not possible.

Uniformed police officers and children under supervision (and below 4 years of age) are not required to purchase tickets. School students (living beyond a certain walking distance from school) and transport authority employees are provided with "free tickets".

The very young, the very old and infirm, and the mentally disabled are examples of unticketed passengers where the law, or interpretation of the law by magistrates, would not normally result in the imposition of a penalty. Discretionary provisions exist for passengers sold an incorrect ticket.

Audit Observations

The Police Service has advised that those ticket vending machines (TVMs) which:

- require the exact fare to be tendered or
- do not accept legal tender greater in value than \$20

contribute to passengers travelling without a valid ticket.

CityRail takes the view that such circumstances do not constitute valid reasons for travelling without a ticket and passengers are infringed accordingly. This contrasts with the situation in the London Underground where such instances are valid reasons for unticketed travel and no penalty arises.

CityRail has advised that TVMs are being progressively upgraded to accept a \$50 note.

Passenger Behaviour

The compliance manager at Greater Toronto Transit Authority in his 1999 paper titled *Fighting Fare Evasion Cost Effectively*, quotes statistics (determined from a range of international sources) indicating that:

10% of the population is fundamentally honest, 5% is fundamentally dishonest, and the remaining 85% represent a floating scale of honesty which is often based on or controlled by factors such as opportunity and expectations of consequences.

The author opines that two expectations need to be created in the minds of public transport users, namely:

- payment is required for transportation, and
- there are consequences for not making a payment.

Further he says the bulk of the population requires regular positive reinforcement.

The STA, in its current Training Manual for RPOs, also identifies three classes of behaviour in passengers who come to notice:

Group 1 are honest people who have failed to pay the correct fare by mistake

Group 2 are generally honest people, who over a period of time have noticed an opportunity exists to cheat, and if given the chance will take it

Group 3 are true fare evaders who will attempt to escape at the sight of Revenue Protection Officers and if caught will not provide identification.

These overviews of passenger behaviour find substance in the following extract from a letter to the Sydney Daily Telegraph on 27 March 2000

I resent buying tickets daily when I'm sure plenty of others on my train travel for free because it's worth taking the risk. My daily trip is \$6 each way, about \$3,000 a year. What's to stop me simply not bothering?

A passenger I spoke to the other day says he never buys tickets. He figures a \$100 fine every few months is a bargain. He's right.

On one station I regularly go to, sometimes a CityRail employee stands at the gate, but he just looks and smiles at passengers, never asks for tickets, and is never given them.

Fare Evasion and Managing Conflict

CityRail has advised that 96 assaults occurred on RPOs in 1999 but that assaults declined substantially in the year 2000.

The policy of CityRail is that RPOs should withdraw from a potentially aggressive situation. A passenger who travels without a ticket and who adopts an aggressive stance when confronted by an RPO, is more likely therefore not to receive an infringement.

The New York City Transit subway operates on a "zero tolerance" approach to passengers who may have committed an offence. Enforcement in New York is, however, conducted by sworn police officers.

1.3 Measuring Fare Evasion

Sampling

Statistical sampling of passengers (surveys) coupled with mathematical modeling is the preferred rail industry method to gauge the extent of fare evasion by line/route, by time of day and by day of week.

London Underground and CityRail use statistical sampling and mathematical modelling. These operators select representative train carriages to be surveyed. The analysis of the sample data is then used to estimate the level of fare evasion across the "system".

Before and After

The effect of a fare evasion operation can also be measured by the change in fare revenue (ticket sales) before, during and after an inspection at a particular location.

A major operation conducted around 1994-95 at Circular Quay targeted ferry passengers. An increase in revenue (at least in the short term) of between 5% and 10% has been quoted following the operation. These figures, if reliable, indicate the level of fare evasion at the time.

However, State Transit advises that this estimate is unreliable because at the time, the ferry ticketing system was undergoing major re-development which may have been a contributing factor to the level of fare evasion.

CityRail attempt to obtain similar "before and after" data when RPOs conduct a major operation at a particular station. Advice is that ticket sales improve on the day of the operation, but no analysis is available as to the percentage change in fare revenue nor the time taken to revert to historic levels of fare evasion.

CityRail

Surveys by CityRail commenced in 1993 at a time when electronic ticketing and electronic barriers were in their infancy. Fare evasion declined over the early survey years presumably due to the new electronic technology.

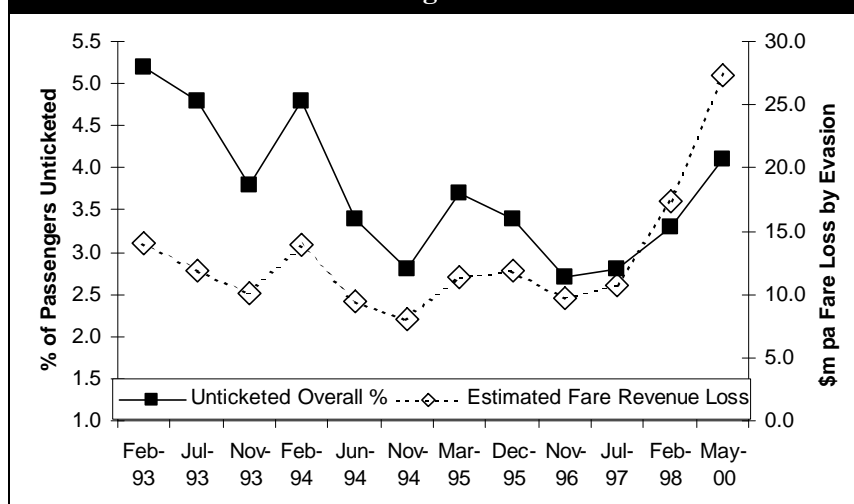
The most recent survey report is dated May 2000. The survey revealed a fare evasion rate of 4.1% (up from 3.3% in 1998) equating to lost revenue of \$27.3m (up from \$17.3m). At the time of the survey there were approximately 120 RPOs (down from 150 when the previous survey was conducted).

Data from the survey of May 2000 indicates fare evasion is on the rise. The apparent rate of increase is accentuated by the gaps in timing between surveys

Staff, unions and passengers have disputed the findings of past surveys and claimed that the extent of fare evasion is greater than that identified. It is also noted that train services in Victoria are reported to experience a fare evasion level of 8.9%. Survey results on CityRail are shown in Exhibit 2.

CityRail will conduct a further survey in 2000 based on passenger ticketing at stations, rather than on trains. This is the method proposed by RPOs who hold the view that the current “on train” survey method is not a reliable method in determining the level of fare evasion.

Exhibit 2: CityRail Fare Evasion Surveys 1993 to 2000 Level of Unticketed Passengers and Fare Revenue Loss



Source: CityRail

Note: Unticketed means not being in possession of a valid ticket and/or being inappropriately ticketed, for example abusing a concession

Sydney Buses and Sydney Ferries

Sydney Buses and Sydney Ferries have yet to undertake a statistical survey to estimate the extent of fare evasion (see section 1.2 *Fare Evasion*).

STA has advised the Audit Office that it estimates the level of fare evasion on buses:

“based on a random sample of passengers and measures the percentage of infringement and caution notices issued against passengers checked”.

A representative of STA advised that over-riding on buses is a significant component of fare evasion. London Buses has estimated that 63% of revenue loss is a consequence of over-riding.

The level of over-riding on Sydney Buses is not separately measured and is not reported as a separate offence. Passengers found to be over-riding are infringed with the offence of “*travelling on a bus without a valid ticket*”. The risk of detection by an RPO is the main deterrent to over-riding.

Sydney Ferries has yet to utilise available data (as to the day/time of issue of infringements and formal cautions) so as to provide a profile of ticketing irregularities.

1.4 Fare Evasion Involving Concession Travel

Entitlements in NSW to free or reduced price concession travel arise from at least 30 different sources.

Travel using a concession ticket is a common form of fare evasion (that is where a passenger uses a concession ticket to which he/she is not entitled). The concession cards and passes providing most concern in terms of fare evasion (deliberate or otherwise) are:

- Pensioner Concession Cards
- Student Concession Cards
- Half Fare Entitlement Cards
- Seniors Cards.

The abuse of concession travel is facilitated by the ability to purchase (concession):

- tickets from TVMs when ticket offices are closed
- multiple journey tickets for bus and ferries from agencies (for example, a news agency) without the need to establish an entitlement to concession travel.

SRA and STA receive a subsidy from Government (titled a Community Service Obligation) to offset the reduction in income due to the sale of concession tickets in conformity with government policy. Payments to STA for example, in 1998-99 were \$93m for various concessions.

Improper use of concession tickets results therefore in an increased subsidy from the Government. As a consequence taxpayers’ money could be saved if abuse of concession entitlements were reduced or eliminated.

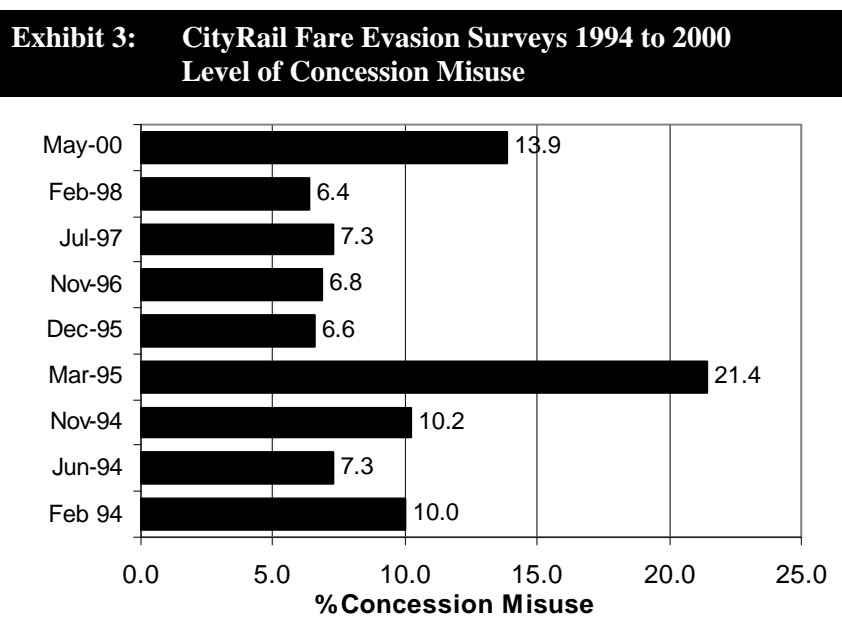
CityRail

According to results of the more recent fare evasion surveys, undertaken between 1996 and 1998, offences involving concession travel by rail account for 6% to 7% of total offences.

A review, however, by the Audit Office of infringements issued indicates that the level of offences involving concession travel on rail is in the order of 20% of all offences detected. CityRail attributed the apparent difference (in the reporting of concession travel offences) more to an over representation of concession infringements due to the relative ease of detection of this type of offence.

The Audit Office attributed the difference to RPOs not fully checking all concession travel entitlements during the rush of the survey.

CityRail, during May 2000, conducted a survey of entitlements to concession travel. The survey displayed an increase, to 13.9%, in the level of offences detected. The increase is believed to be attributable to improved methods of data collection, rather than a rise in this type of fare evasion.



Source: CityRail Surveys

Note: The level of concession misuse was not separately measured in CityRail Fare Evasion Surveys undertaken before February 1994.

Sydney Ferries

Fare evasion detected by Sydney Ferries is predominantly for offences involving concession travel. Ferry RPOs believe that that this type of offence accounts for about 80% of all offences.

Audit Observation A review by the Audit Office of infringements issued indicates that inappropriate use of concession entitlements accounts for approximately 20%, 40% and 98% of detected fare evasion (respectively) on rail, bus and ferry services. (Appendix 6.4 *Infringements Issued for Fare Evasion in 1998-99* refers).

1.5 Fare Evasion Involving Periodical Tickets

The use of another passenger's weekly, quarterly or annual ticket (the offence of "transfer of ticket") is a form of fare evasion, the extent of which is not reliably known. To minimise the impact of this form of fare evasion, STA issues annual tickets that record the passenger's name, CityRail does not.

In the early 1980s the UK introduced photo identification on tickets to minimise the level of fare evasion by transfer of a periodical ticket.

Purchasers of periodical tickets are required, as a condition of sale, to provide, at their own cost, a passport sized photo to obtain a numbered photo identification. The number is recorded on the periodical ticket, and assists:

- the rail authority to manage the risk of ticket transfer, and
- the passenger to prove, if detected travelling without a valid ticket, that the failure was a genuine oversight.

1.6 Frequent Fare Evaders

A passenger who travels regularly without purchasing a valid ticket may be committing the more serious offence of fraud. In the United Kingdom the criminal law concerning fare evasion requires that an intent to defraud be proved.

In NSW a frequent fare evader may be liable to arrest and the laying of a charge for fraud under the Crimes Act 1900 although the Audit Office has no knowledge of this course of action being taken. As with the United Kingdom, for there to be a conviction in NSW an intent to defraud would need to be proved.

Audit Observations Review of the Traffic Penalties System (TPS) by the Audit Office (*Appendix 6.5 Frequency of Fare Evasion 1 February 1997 to 30 September 1999* refers) indicates:

- 862 passengers incurred 10 or more infringements for fare evasion involving travel by rail
- one rail passenger was infringed on 159 occasions and over two consecutive days in July 1999, was issued with 14 infringements
- there are also other rail passengers who have received 4 or more infringements in a day
- there is a low occurrence of re-offence by passengers on buses and ferries.

The maximum penalty of \$550 under transport law that can be imposed by the court may not, however, be sufficient deterrent to frequent fare evaders. The London Underground, for example, reports this type of fare evader to the British Transport Police for prosecution. The law is such that the courts in England may impose a maximum fine of £1,000 (approximately \$2,500) or a custodial sentence of up to 3 months.

Database of Offenders

In most cases the opportunity to identify frequent fare evaders is dependent on the capacity of an RPO to communicate (while "on the job") with a database of frequent offenders. The normal RPO and Police officer response to an offence is to issue an infringement as if it were the first offence by that passenger for fare evasion.

An alternative to the issue of an infringement in the case of a frequent offender is a summons to appear in court where the court may impose the maximum penalty of \$550 under the law.

The TPS has much data on infringements issued but this information is currently not available to the Police Service, CityRail and STA for "on the job" enforcement purposes.

The STA therefore maintains its own database of infringements issued (it duplicates some areas of the database of the TPS). RPOs access the STA database by telephone as the need arises.

The Police Service advises that one Transit Police Unit, in the absence of any externally provided data, has developed its own database where they record all infringements issued for fare evasion (this is another example of the need to duplicate some areas of the TPS database).

When a person reaches five infringements his/her name and photograph (if available) are publicised within the Unit as a frequent fare evader. Any future incidence of fare evasion detected by the Unit results in the person's arrest and formal charging for court appearance.

1.7 Fine Defaults

IPB

The IPB, formerly the Traffic Penalties Section, is a unit within the Police Service established to process and generally manage infringements notices issued by sworn police officers and others who are authorised officers for law enforcement purposes.

The IPB receives a copy of all infringements issued and broadly is responsible for:

- recording the issue of all infringements
- issuing a "follow up" letter if the infringement is unpaid by the due date
- recording receipt of payment
- initiating court action if requested by the infringed person
- initiating recovery action if a fine remains unpaid
- terminating enforcement action if the offence is not enforceable (due to a defect in the infringement notice) or waived.

SDRO

The SDRO is responsible for enforcement action when a fine is not paid (a "default") by the due date (that is 72 days after infringement issue) or otherwise dealt with (such as court election or waiving or "not actioning" an infringement).

Fine default enforcement options in NSW include the revoking of the defaulter's driver's licence and/or motor vehicle registration, issue of seizure warrants (against property and wages) and community service orders.

Audit Observations

- 69.2% of fare evasion infringements issued in 1998-99 were not paid by the due date. On this basis it is necessary for default action to be initiated for most infringements issued
- the payment rate varies widely for each agency (between 16.0% and 45.5%) as evidenced by the records of the IPB
- as at March 2000 recovery action by the SDRO reduced the level of "default" by 10.7% to 58.5% (\$5.07m) from 69.2% (\$6.02m)
- on an agency basis the level of "defaults" referred to the SDRO ranged from 55% to 85% of infringements issued. Infringements issued by the Police Service reflect the worst payment record.

Exhibit 4: Comparison of Payment Rate Infringements Issued in 1998-99			
Agency	IPB Payment Rate	SDRO Payment Rate	Overall Payment Rate
CityRail RPO	36.9%	19.4%	49.6%
Transit Police	16.0%	7.9%	22.8%
General Duties Police	19.9%	10.2%	27.4%
Total Police on Rail	16.6%	8.2%	23.4%
Total Rail Offences	30.2%	15.1%	40.9%
STA Buses/Ferries	45.5%	17.0%	54.9%
Total	30.8%	15.1%	41.5%
Parking and Traffic Enforcement	75.9%	43.0%	86.2%

Source: Analysis by the Audit Office.

Notes

1. This comparison is as at late March 2000. Since that date the IPB payment success rate will not have changed. The payment success rate of the SDRO, however, will have changed because of on going fine default enforcement action
2. The overall payment success rate is not the sum of IPB and SDRO payment success rates. The SDRO payment success rate is based upon only those infringements referred by the IPB for enforcement action, whereas the IPB and Overall payment success rates are based on all those fines whose settlement is by payment only. PNs which were “waived”, “no action” and “court elect” are not taken into account when arriving at the payment only fines. However, CityRail advises the Audit Office that these options are viewed by CityRail as a successful outcome in terms of revenue protection enforcement.

1.8 The Default Rate Examined

Default Comparisons

The default rate of 69% for fare evasion in NSW is markedly higher than that experienced for infringements issued for street parking and traffic fines.

In 1998-99 defaults for parking and traffic fines were 24.1% and this figure is comparatively high when compared to other Australian states and territories.

The SDRO reports an average recovery rate of 43% (in 1998-99) for fines involving parking and traffic matters which is approximately triple that occurring in respect of fare evasion.

One explanation for the higher recovery rate from parking and traffic infringements is that a vehicle's registration number provides a more reliable trail in identifying the offender's correct name and address than that of an passenger providing a name and address at the time of offence.

Also the remedial action that can be taken against a motorist has an immediate impact (that is, cancellation of driver's licence *and* a motor vehicle's registration) that in many cases, may not be matched by the impact of action that may be taken against a frequent fare evader.

In many cases however, a fare evader may not own a motor vehicle or be a licensed driver (approximately 20% of people in NSW whose age entitles them to hold a driver's licence are not licensed). There are no statistics currently available to confirm a correlation between fine default and a failure to provide photo identification at the time of offence.

Default Action

SDRO confirmed that only a small proportion of defaults had progressed beyond the routine response to fine defaults, namely to:

- issue an enforcement order
- suspend/cancel a driver's licence
- suspend/cancel vehicle registration
- impose business restrictions of the Roads and Traffic Authority.

While the commencement and pace of civil action is an issue of efficient management, the SDRO advised this option has not been exercised because of:

- resource constraints
- the backlog of defaults existing when SDRO commenced business (28 January 1998)
- and the delay caused by the need to confirm the identity of fine defaulters.

The effect is that no recovery action has been taken for nearly two years (as at March 2000) for fines not paid (including action against the top 10 rail frequent fare evaders).

The SDRO advised that increased funding has been provided by Treasury for 3 years from 2000-01 to address the accumulation of matters awaiting progress through the whole fine default enforcement process.

Incorrect Personal Details

The extent of defaults arising from infringed passengers who provide an incorrect name and address is also not currently known.

Operators could only provide anecdotal evidence as to the correctness of details recorded on infringements, for example the "thousands" of infringements posted out by CityRail which had been returned by the Australia Post as not deliverable.

Representatives from each service have advocated that the law be changed to require offending passengers to confirm their identity by making available proof of identity, ideally such as a tamper-resistant photo identification like a drivers licence.

CityRail believes fine enforcement is dependent on establishing the correct personal details of the offender at the time of offence.

In this regard CityRail advised the Audit Office that:

- it had sought stronger legislative powers by which authorised officers would be able to verify the identity of offenders at the time of offence
- proposals for legislative change in 1994, 1996 and 1998 were, however, not successful
- a fresh proposal for legislative change is currently under consideration.

It is noted that the law currently requires that a passenger carry his/her entitlement to concession travel on public transport.

The law governing road usage requires that motorists carry a driving licence when using the roads. The licence carries a photograph of the licensed driver.

Overseas Experience

According to a report¹ by the New York State Comptroller on the New York City Transit and Police Department in 1995, approximately 75% of offenders on New York's bus and rail systems did not appear at hearings or pay fines for fare evasion.

The New York State Comptroller was of the view that the default rate was due to an inability to validate the passenger's name and address at the time of offence.

¹ *Fare Evasion Report of the Office of the State Comptroller, State of New York, - 95-S-121*: Metropolitan Transportation Authority, New York City Transit, New York City Police Department.

1.9 Conclusion

The law relevant to transport services seeks to ensure that the operators receive from passengers revenues due for carriage. The regulation is a typical regulatory offence model. The focus of enforcement arrangements is the detection of fare evasion (and the subsequent issue of an infringement).

The outcomes to be achieved by enforcing the law are subject to interpretation by operators as there are no policy objectives in regard to fare evasion established by the Government other than those covered by the law (and its regulations).

While CityRail and STA conduct special operations to detect fare evasion, both organisations are in need of a more robust methodology for determining the appropriate level of staff for revenue protection relative to predetermined outcomes.

All operators need to develop and implement an acceptable statistical methodology to estimate fare evasion. The absence of statistically reliable estimates means there is no base to:

- measure the achievements of identifying, controlling or reducing fare evasion
- set objectives and
- determine strategies to minimise fare evasion.

Ultimately there is a danger that the level of enforcement will drop to the critical point where basically honest passengers become disenchanted by the perceived failure to act against fare evaders and themselves turn to fare evasion.

Periodical tickets and most common concession cards and passes can be, and are, subject to abuse.

Abuse is facilitated because RPOs and Police officers are currently not in a position to validate a passenger's entitlement to concession travel nor a passenger's correct personal details for other forms of fare evasion.

Some means to verify the identity of fare evaders would assist in combating fare evasion.

It would appear that, due to the pressure of queues and the complexity of concession entitlements, ticket sellers (including bus operators) do not always establish the bona fides of concession travel.

The absence of offender history accessible on the job results in the actual enforcement response for frequent fare evasion generally being ineffective. In addition, the differentiation in penalty (financial and non-financial) for frequent fare evaders may not be commensurate with the deception and fraud being committed.

The reason(s) for the high level of defaults is/are not clear as there is currently insufficient evidence to indicate a specific relationship between cause and effect.

It is clear, however, that the (comparatively low) level of fines paid significantly reduces the effectiveness of the current system.

This report recommends that operators and the Police Service initiate strategies to deal with frequent fare evaders and the high rate of default in the payment of fares. A cause of the high default rate is believed to be the inability of authorised officers to establish the correct identity of fare evaders.

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2. Types of Fare Revenue Protection Systems

2.1 Introduction

This section discusses various system arrangements to protect revenue. Matters covered include open and closed systems, electronic and wide swing gates.

2.2 System Types

Closed System and Open System

Fare revenue protection systems range from those where passengers' access and exit is closely controlled, generally by mechanical devices such as electronic gates (a closed system), to those where there is no control (an open system).

The choice of a system is important because of establishment and operating costs and the potential for losses through fare evasion at various levels of closure.

A closed system is more costly because it generally requires access and exit control at points of embarkation and disembarkation. The cost of a closed system is often, therefore, a key factor in any decision on the system to be chosen. A closed system also requires scrutiny of passengers notwithstanding electronic barriers are used for entry and exit.

Open systems require that RPOs check that passengers are correctly ticketed to a greater extent than with a closed system. Sydney and Singapore, over the past 15 years, have introduced electronic barriers in their urban rail systems. Singapore, with the advantage of building a new rail transit system, has opted for a totally closed system.

CityRail with a large existing infrastructure, has opted for what it believes is a cost effective solution, namely, the closure of sufficient stations so that an estimated 80% of passengers pass through, at least once, a station serviced by an electronic ticket validator.

Regardless of the type of transport system, operators need to consider the costs and benefits of various levels of closure and the likely impact of choice on revenue and fare evasion costs. Discussion and examples of open and closed systems follow.

Sydney Ferries

The Sydney – Manly ferry service (a direct service) is an example of a closed system. Access at Circular Quay or Manly is via electronic barriers requiring the use of electronic coded tickets. Exit control is not required (because of the direct service). It is possible, however, for passengers to unlawfully extend their journey by remaining on a ferry (that is over-ride) beyond the specified journey.

The most open service in Sydney is that between intermediate wharves of the inner harbour (excluding Circular Quay). These wharves have neither ticket purchase facilities nor ticket barriers. Reliance is therefore placed on:

- the honesty of passengers to purchase a ticket during the journey and prior to exit, and
- the vigilance of deckhands both in identifying those passengers who do not have valid tickets and who disembark prior to Circular Quay and notating the reverse of a passenger's ticket as to journeys taken between intermediate wharves.

Passengers travelling without a ticket and disembarking at Circular Quay may nominate to purchase a ticket prior to exit from the system (at Circular Quay).

Audit Observations

The effect of these arrangements is that a passenger is able to use a multi-trip electronic ticket (Ferry 10) for multiple journeys between intermediate wharves (and in addition to ten journeys starting or ending at Circular Quay).

Management of Sydney Ferries advised that deckhands have been instructed to record (on the reverse of Ferry 10 tickets) each journey between intermediate wharves. The instruction could not be provided to the Audit Office.

Consideration is being given to the introduction of ticket reader/validators on ferries serving intermediate wharves to reduce fare evasion.

CityRail

CityRail operates the most open system in Sydney with electronic barriers at 45 of 306 stations. Travel without purchasing a valid ticket is possible between the remaining 261 stations. It is understood barriers are installed at additional stations as capital becomes available and the cost is justified by the anticipated reduction in fare evasion. Each barrier is provided with a manually operated wide gate for wheelchairs, prams, etc.

The main deterrent to unauthorised travel is detection by RPOs and/or Police officers either on a train or entry/exit from a station.

By comparison London Underground has 251 stations which service the demands of 3m passenger journeys per day (or three times the load of CityRail).

London Underground has introduced electronic barriers at stations in the metropolitan area and is installing electronic barriers at all stations to reduce fare evasion.

Sydney Buses

Sydney Buses uses a relatively closed system with bus drivers required to ensure boarding passengers are correctly ticketed.

2.3 Electronic and Wide Swing Gates

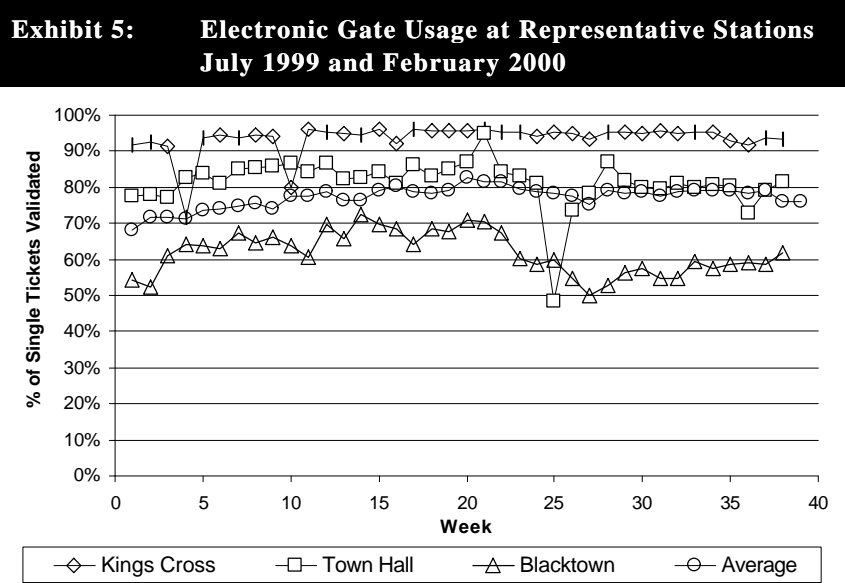
Electronic gates were installed at major railway stations to reduce fare evasion. The gates validate tickets (with limited exceptions) as passengers pass through the gates.

Certain prescribed passengers may pass through a wide swing gate, which is normally supervised by a station assistant. These passengers are those with paper tickets (for example those completing a Countrylink journey), passengers with prams, baggage or bicycles, and passengers in wheel chairs. The wide gate is to be opened only for passengers entitled to its use.

Gate controls are being updated so that staff can open the gate remotely from a distance. It has been suggested that a staff presence at the swing gate encourages passengers to approach the gate to avoid queuing at the electronic gates.

A Measure of Compliance

CityRail measures compliance with instructions applying to the restricted use of the wide swing gate. During the period July 1999 to February 2000 the average weekly compliance for the then 40 gated stations varied from 68% to 83%. On an individual station basis there were wide variations in compliance, as a sample of stations in Exhibit 5 illustrates.



Source: CityRail

During the above period and due to an industrial dispute, the electronic gates at Campbelltown station remained open.

CityRail has advised that the different performance of wide gates is due either to lack of staff management or direction (including station staff simply seeking to improve the flow of passengers through exit points by opening the wide gate). This latter aspect gives rise to a natural tension between customer satisfaction and reducing fare evasion.

2000-01 Fare Review

The then CEO of SRA advised IPART (on 5 May 2000):

In the past 12 months we have introduced some improvements in the way that we supervise and manage gates. I think an unfortunate element of the way that CityRail functioned previously was that huge numbers of people were walking through the wide manual barrier.

It varies from station to station, but essentially in our gated stations we have increased the number of people using the gates by about 16% over the past year. So we have been taking steps to make sure people have to use the appropriate mechanism, which we think has contributed in part to some of the improved fare results.

This ease of access and exit through wide gates was also observed in July 1999 in regard to proposals to reduce station staff numbers. A *Daily Telegraph* article of 5 July 1999, describing experiences on the CityRail system the previous day, included:

Guards, when present, looked on and even opened gates to allow the reporter out without demanding a ticket, including at major stations Central, Strathfield and Parramatta

The photographs in Exhibit 6 evidence passengers passing through unlocked wide gates in the absence of station staff.



Source: Audit Office

Audit Observations

Personnel of the Audit Office:

- observed minimal checking of tickets at wide gates (sometimes to the obvious frustration of passengers who presented tickets for inspection)
- entered and exited a number of CityRail stations out of peak hour through the wide gate without scrutiny of tickets.

A passenger not in possession of a valid ticket entering a ticketed area by the wide gate, if challenged by station staff will be directed to return to the ticket purchase area and obtain a ticket. The passenger might buy the correct ticket for the specified journey or the cheapest ticket on sale.

A passenger exiting the station (and noted to be unticketed by station staff) has merely to accept the standard direction to purchase a ticket at the nearest facility. A passenger once past the wide gate may ignore the direction (because station staff do not accompany him/her) or purchase a ticket of lesser value not related to the journey undertaken.

An observant passenger who seeks to avoid payment of a fare will be encouraged by the current arrangements.

Sydney Ferries

A passenger (not in possession of a valid ticket) approaching a Sydney Ferries wide gate will be directed by staff to ticket machines (which are located on both sides of the ticket barrier). For this reason Sydney Ferries does not experience the level of problems encountered by CityRail.

Sydney Buses

Bus drivers are required to ensure all passengers, upon entering a bus, are either sold a ticket or in possession of a valid ticket.

2.4 Conclusion

The operator should measure the effectiveness of a fare revenue protection system against a cost-effective standard.

The absence of such a standard, the failure to meet such a standard, or the perception by the public that fare evasion is uncontrolled, is an indicator of an ineffective system.

The inappropriate use of the wide gates tends to reduce the effectiveness of the closed system at major stations and encourages fare evasion.

3. Management Arrangements

3.1 Introduction

This section discusses the management arrangements for fare evasion measures. Matters covered include:

- planning
- resource allocation (operational and specialised)
- management information and reporting
- information technology
- public education.

Managing for Success

The success of any endeavour is more likely if planned.

For a fare revenue protection system to be efficient and effective, planning is required. Resource areas critical to success are human resources, information technology and effective management.

Other key elements are the integration of the resource areas described above and their linkage to the corporate plan through the service delivery strategy. The measurement of success is assisted by the development of Key Performance Indicators and benchmarking. Success is encouraged if an adequate accountability framework is established.

The objective of the service delivery strategy is to translate the broad aims of the corporate strategy into specific outcomes that an agency plans to achieve, how they are to be achieved and the resources required.

3.2 Planning

CityRail

The Business Plan (1999-2000) of the Protective Services Branch has as an objective to reduce fare evasion by 1% and to reduce assaults on RPOs.

STA

The STA Revenue Protection Manager (STA RPM) is located in the Business Support Services section of Finance and Business Services. The Business Plan (for 1999-2000) seeks to assist depots to identify high levels of fare evasion (on buses) and to develop greater awareness of fare evasion issues within Business Units.

Business Plans of depots recognise the need to improve fare evasion policies, procedures and processes. The Business Plan (1999-2000) of Sydney Ferries is silent as to fare evasion.

Audit Observations Generally business plans did not include reference to targets and strategies so as to provide measurable and accountable outcomes.

There are for example, no specific performance measures within the Corporate Plan of the SRA for fare evasion. In these circumstances it is difficult for CityRail to assess its success in reducing fare evasion. There is also a tension in the Corporate Plan between the management of fare evasion activities (which tend to impede passenger flow) and passenger accessibility.

Management information is silent as to the level of revenue loss or fare evasion being experienced by the STA (sections *1.3 Measuring Fare Evasion* and *3.6 Management Information* refer.)

The plan of Sydney Buses specifies actions and timing for fare evasion measures. However, measurable outcomes (Key Performance Indicators) have not been identified despite the collection and publication of data which would form the basis of performance indicators.

Sydney Ferries is not aware of the level of fare evasion occurring on its services and its business plan is silent as to fare evasion, its aims, targets etc.

3.3 Accountability

CityRail Since 1998 the CityRail Revenue Protection Manager (CityRail RPM), located within the Protective Services Branch of CityRail, has been responsible for the centralised management of fare revenue protection. Operational staff are distributed over a number of geographically dispersed units and report through local unit coordinator to the CityRail RPM.

STA The Business Unit Managers are responsible for fare evasion outcomes on buses and ferries. The STA RPM assists the Business Units with a range of planning, monitoring, reporting, co-ordination and data management activities.

Sydney Buses The Business Units are responsible for Customer Service Co-ordinators Grade 1 (CSC1s) in the conduct of their revenue protection duties and carry the associated costs in their budgets. The STA RPM liaises, co-ordinates and advises on the best use of the CSC1s in providing revenue protection activities.

Sydney Ferries The STA RPM has no management role in regard to fare evasion on Sydney Ferries. At the time of the audit Sydney Ferries expressed a different view in that while Sydney Ferries fund, monitor and discipline RPOs, other management control is exercised by the STA RPM.

In response to the draft report the STA has advised the Audit Office that Sydney Ferries management is responsible for the ferry RPOs and liaises with the STA RPM in a similar way to the management of RPOs employed in Sydney Buses.

Audit Observation This advice by STA, in the view of the STA, addresses the concerns held by the Audit Office that the duties and accountabilities for fare evasion on Sydney Ferries was not clear and the effectiveness of the function is likely to be diminished.

3.4 Operational Staff

Definition

Operational staff have the following functions (to ensure that):

- the correct ticket is sold for the journey specified by the passenger
- entry to and/or exit from the transport system is restricted to passengers correctly ticketed
- patterns of actual or suspected breaches are identified and reported.

Management and specialised staff have a role to support operational staff in the above functions.

CityRail

CityRail station staff are required to direct those passengers not in possession of a valid ticket to go to a ticket-selling outlet *and* to purchase a ticket. Unticketed passengers so directed comprise those attempting to enter the ticketed area prior to a journey or leave the ticketed area (at the end of the journey).

Station staff are not authorised to issue:

- General Purpose Tickets to unticketed passengers (in the past difficulties had arisen in regard to the collection and accounting of fare receipts accepted by station staff and RPOs)
- an infringement to a passenger.

For reasons of personal safety station staff are:

- not authorised to accompany a passenger to a ticket selling outlet to ensure that a valid ticket is purchased
- to avoid a verbal or physical confrontation with passengers.

Audit Observations Passengers who enter the rail system without a ticket (at an ungated station) can exit the system at a gated station subject to a direction by station staff to purchase a ticket at the nearest ticket-selling outlet.

Alternatively a passenger arriving at his/her destination without a valid ticket may be distressed or confused when issued with an infringement by an RPO when attempting to exit a station. This is particularly so when previous attempts (to exit) resulted in the above-mentioned direction to purchase a ticket at the nearest ticket selling outlet.

While RPOs are not permanently located at stations, station managers interviewed during the course of the audit indicated a preference for RPOs to be so located.

STA Bus drivers have close contact with passengers at the point of entry to the bus and are better able to supervise the payment of fares.

Staff of Sydney Ferries supervising gated wharves can direct exiting passengers back to ticket machines (which are located on both sides of the gates) to purchase a ticket before passing the gate.

3.5 Specialised Staff

CityRail RPOs are deployed in six Revenue Protection Units (RPU) located at Central Station, Wyong, Blacktown, Fairfield, Rockdale and Wollongong.

Rostering and Tasking RPO rostering (the day and shift to be worked) and tasking (the activities to be performed on that shift) are currently managed at the local RPU level. Exceptions include major joint operations.

A decision was taken in 1998 to centralise the management of the fare revenue protection function at CityRail.

Audit Observations Optimum staffing levels for revenue protection have not been established using an objective/disciplined approach, which draws upon fare evasion levels.

It is open to question therefore whether current or proposed staffing levels are adequate for the task.

With the current staff levels it is not possible for the smaller RPUs to provide coverage for more than one shift per day. One larger unit, operating with large teams, faces the same situation.

CityRail has advised the Audit Office that approval has been given to increase RPO staffing levels and recruitment action is in progress.

Centralised work planning requires access to centralised intelligence. As will be discussed later in section 3.8 *Intelligence*, there is no centralised intelligence system and little intelligence recorded at RPU locations.

CityRail provides two security guards on each train operating after 7pm at a cost in excess of \$25m per year. Appropriately trained and resourced security guards could perform revenue protection.

Sydney Buses

Some bus drivers are designated as CSC1s. They are based within depots and report to depot management. Their duties are (to):

- drive buses or
- undertake fare evasion duties as operational requirements permit
- and are withdrawn from fare evasion duties to drive buses as the need arises.

The above arrangement, involving approximately 70 staff, resulted in between 1% and 2% of bus journeys being inspected, leading to less than 1% of passengers whose tickets were inspected receiving infringements or caution notices for fare evasion.

Sydney Buses viewed this level of check as unsatisfactory and revised arrangements were introduced in the early part of 2000. As a result the STA RPM has the right of input into rosters in terms of planning for major operations to detect fare evasion. Once a CSC1 is rostered for fare evasion inspections he/she cannot be diverted to bus operations without the prior approval of the STA RPM (except in cases of emergency).

Costs

The cost of the management of fare evasion at depots is not measured and reported. In response to the report STA advised that *“costs can be readily determined from existing systems”*.

Coverage

Data is collected showing the number of bus journeys inspected per depot per day. Inspections are random other than when complaint based.

The STA RPM from time to time requests specific checks, based on complaints received, trends in data collected, for example, a failure to check particular routes.

Audit Observations The above revised arrangements provide line management responsibility to the STA RPM and are designed to remedy, in part, identified gaps in fare evasion inspections.

There is, however, no evidence of rostering or tasking to meet a strategic framework to maximise the benefit from available resources or to identify the level of resources required.

In the absence of overall fare evasion surveys and costs, Sydney Buses has embarked on a program of increased revenue protection. Measurement of costs and benefits is, however, critical to ensure that these additional resources are cost effective.

Sydney Ferries Sydney Ferries did not employ RPOs until 1992.

Resources In that year three persons transferred to revenue protection activities at Sydney Ferries (from Sydney Buses) and were made permanent employees of Sydney Ferries in January 1998. The "local depot" (Sydney Ferries) employs the RPOs and management of Sydney Ferries is responsible for funding, timekeeping and discipline of RPOs.

Coverage The RPOs working in pairs on eight hour shifts are able to provide coverage for only one shift per day seven days per week. This staffing level results in potentially one wharf only being inspected per day during either the morning or afternoon peak hour.

RPOs suspect some passengers carry both full fare and Concession Ferry 10 tickets, with the former being used if familiar RPOs are sighted, the latter normally.

Audit Observation Sydney Ferries in 1998-99 expended several hundred thousand dollars on employing and equipping three RPOs. Such expenditure was not preceded by research to determine the extent of fare evasion and appropriate staffing levels for the function.

Transit Police There are currently 11 Transit Police Units. Some are located quite separately from other police resources, such as the City East Region Unit based at Central Station, while others, such as the Wollongong Unit, are co-located with the Local Area Command.

Co-location provides the opportunity to share intelligence information and staffing more readily, while separation often results in a more focussed environment.

<i>Resources</i>	<p>There is difficulty in maintaining the authorised strength of 300 Transit Police officers. At the end of 1999, numbers had declined by 12.7% to 262. To meet the shortfall, general duties police have been assigned to assist the Transit Police. As at August 2000, Transit Police staffing had improved slightly to 272 transit police, still 9.3% below authorised strength.</p>
<i>Internal Review</i>	<p>In October 1998 the Police Service released a report titled <i>Transit Police, Assessment Report and Proposal</i>. The study reviewed deployment, information/intelligence gathering and dissemination, public accessibility, management and the effectiveness of policing. This Report made two prime recommendations:</p> <ul style="list-style-type: none">▪ the establishment of a separate command structure for the Transit Police▪ the reduction in the number of Transit Police Units and the relocation of some Units closer to the demand for their services. <p>The response to the report was to establish the Commander Traffic Services as a central “sponsor” for Transit Police to exercise a coordinating and public contact role. More recently a four person policy and intelligence unit, located within Traffic Services Branch, was created, from within the existing Transit Police authorised strength, to support the Commander Traffic Services in discharging his Transit Policing role.</p>
<i>Audit Observations</i>	<p>Although the activities of RPOs associated with transport authorities are not strictly analogous with the activities of Transit Police, it is noteworthy that while the former have found decentralised management with centralised coordination unsatisfactory, the latter continues this structure.</p>

3.6 Management Information

Sydney Ferries, Sydney Buses and CityRail internally report various activity/output measures (as discussed below).

Sydney Buses

The STA RPM provides monthly aggregated data to depots of Sydney Buses which show:

- bus journeys inspected for each day for each depot
- the number of infringements and caution notices issued by offence type per month per route and
- overall data on percentage of bus journeys inspected for each depot for each month.

Audit Observations

Examples of information not reported to the STA CEO/Board are:

- fine revenue received is reported but expenses of enforcement are not
- the number of infringements and cautions issued as a percentage of passengers inspected is not reported (as an indicator of extent of fare evasion)
- infringements paid and unpaid (as achieved by the IPB and SDRO) are not reported
- representations received and those upheld are not quoted (a high proportion of representations would suggest the need for remedial training/guidance in the issue of infringements)
- hours of work (by RPOs) are not reported nor are employee productivity statistics
- previous years figures of journeys inspected and fines issued are not reported.

CityRail

RPU provide data (daily and monthly) to the CityRail RPM which shows by RPU such matters as:

- number of infringements issued
- train and barrier checks
- staffing levels
- customer complaints
- RPO assaults.

This data along with other information is aggregated and reported monthly to the Chief Executive Officer and Board of the SRA. The report is titled TRIP (trends, results, issues, plans) and according to CityRail summaries revenue protection performance in terms of safety, productivity, revenue, expenditure and administration.

Audit Observations In terms of the TRIP reports reviewed for the period June 1998 to February 2000:

- the number of infringements issued is materially understated because infringements issued by Transit Police are excluded from the figures reported
- the number of passengers subject to inspection is not collected and hence not quoted so as to provide a benchmark for ticket irregularities
- date/time/location of barrier checks are not included in the report nor is date/time/details of train checks included (this information would assist the review of the adequacy of the function)
- matters listed for hearing in court are reported but not the result of cases heard; results of adjudications on representations received are not reported (these are indicators of the quality of infringements issued)
- figures quoted on representations received as a percentage of infringements issued are incorrect (the representations received figures comprises those arising from infringements issued by RPOs and the Transit Police but the infringements figures are for RPOs only)
- prior years figures are not reported
- frequency data on offence types is not reported.

Sydney Ferries

The Sydney Ferries (RPOs) provide a weekly report to the Ferries Operations Manager in regard to locations subject to inspection (for fare evasion) and infringements and cautions issued.

3.7 Technology

Infringements issued by CityRail, STA and the Police Service are processed by the IPB (of the Police Service).

The Audit Office² previously reported that the TPS does not have the capacity to accept electronic input nor issue reports in electronic form (all input and reports are in hard copy form). Likewise the SDRO does not intend to provide reports in electronic medium to agencies issuing infringements because of the significant costs involved.

Audit Observations

Current technology limits the efficiency and effectiveness of the fare evasion measures as evidenced by:

- hand held computers are not used to generate infringements and caution notices (CNs) nor are they used as a medium to identify frequent offenders
- there is no provision for electronic sorting of infringement data for identities of frequent offenders and location, date and timing of offences in general
- hard copy output does not aid the accounting treatment for receipts from the IPB and the SDRO
- the difficulty in identifying those infringements which have been paid and those unpaid
- infringements issued by the STA along with CNs are manually recorded on a separate database prior to dispatch to the IPB. One Transit Police unit also does the same. Electronic output from the IPB database would avoid the separate recording of infringements.

The system currently in use limits:

- the gathering of intelligence for more efficient and effective rostering and tasking of resources
- authorised officers knowing and responding differently to those passengers with a history of fare evasion and non-payment of fines.

² The Audit Office of NSW Performance Audit Report *Enforcement of Street Parking* November 1999

3.8 Intelligence

Intelligence is obtained from an analysis of related information to predict future events and the manner of occurrence, for example, type of occurrence, frequency, time and location.

Proactive Policing

The Police Service, for example, has embraced proactive policing using intelligence, that is the Service tasks police resources to anticipated offenders, locations and/or victims.

A similar strategy can be applied to fare evasion. Revenue protection resources can be directed to locations and routes/services where fare evasion is expected to be most prevalent ("hot spots"). To obtain reliable intelligence it is necessary to survey the incidence of fare evasion in terms of location, frequency, time, type etc. so that resources can be deployed efficiently and effectively.

It is also helpful to analyse data from infringements and CNs issued. Some CityRail RPU Coordinators extract time of day data for local use.

Transfer of Information

A proposal is currently being developed whereby operators (both public and private) will provide offence related data via the Police Action Line (PAL) for entry to the *Computerised Operational Policing System* (COPS) of the Police Service. This proposal has been implemented in respect of STA.

In return, the Police Service will provide high-level intelligence data to contributors relevant to their needs (other than names of persons within COPS).

Audit Observations

Existing systems of operators do not provide access to details of frequent fare evaders so that more stringent remedial action might be taken (section 1.5 *Frequent Fare Evaders* refers).

CityRail periodically undertakes statistical surveys of fare evasion but there is no evidence to suggest that the information is used to allocate resources to rostering and tasking (for fare evasion).

Both CityRail and Sydney Buses conduct special operations based upon intelligence. It is considered, however, there is scope for improvement in rostering and tasking of resources for routine revenue protection activities.

Offence data and RPO comments can also highlight potential improvements in other areas. For example, Sydney Ferries RPO compiled weekly reports that indicated a need for improved signage at Circular Quay. Change has occurred with the refurbishment of wharves.

3.9 Public Education

Policy	CityRail and the STA have no documented policy in regard to the publication or display of material to educate and engender public compliance with ticketing policies.
The Directory	An initiative of the NSW Government was to publish the Sydney Public Transport Directory (the Directory). The Department of Transport launched the Directory on 7 December 1998 and copies were delivered to householders in Sydney (it is also accessible on the Internet).
CityRail	Step 3 of the Directory section <i>“steps to making a trip on CityRail”</i> advises <i>“if you don’t buy a ticket before you board a train, you risk a \$100 fine”</i> .
STA	In respect of buses and ferries, the Directory sections <i>“on making/enjoying a trip”</i> are silent as to fare evasion. The Sydney Buses and Sydney Ferries websites do provide references to fare evasion but searching is required to locate the relevant information.
Audit Observations	<p>The minimal amount of advertising material, directed at public education in regard to fare evasion, displayed on services, is in contrast with the level of infringements issued.</p> <p>No reference is made, for example, to the abuse on rail of concession entitlements, although 20% of all infringements issued in 1998-99 were for concession offences. In 1998-99 61% of infringements for fare evasion on buses involved travel/over riding without a valid ticket and 37% for misuse/abuse of concession entitlements. Ninety eight per cent of all infringements issued on ferries involve the misuse/abuse of concession entitlements.</p>
Timetables	<p>STA timetables make no mention of travel conditions associated with the use of the service.</p> <p>The CityRail timetable (August 1999) is silent on fare evasion. The June 1997 timetable was considerably more explicit in its warning.</p>

Brochures

The brochure “Tickets to Ride” issued by CityRail (also available on the Internet) carries the following warning:

Travelling without a ticket or over-riding may incur a fine of \$100. Be sure to buy a ticket before you travel. CityRail, Sydney Buses and Sydney Ferries staff and police can request to see your ticket and concession authority card at any time

The brochure “Ticket Vending Machines” advises passengers:

ticket holders must use the automatic gates.....it helps reduce fare evasion, reducing the burden on taxpayers

STA advises its “*current ticketing brochures advise passengers about the correct tickets and warns of the consequences of fare evasion*”.

The STA has recently issued a brochure titled *Transport Ticketing Guide* which provides advice on fare evasion.

Signage
STA

Buses and ferries are generally devoid of signage warning against fare evasion. Circular Quay wharf had limited signage in regard to fare evasion. Other wharves exhibit no such signage.

The Audit Office was advised that “*STA runs a low key campaign on buses*” given the closed nature of the system.

Ninety eight per cent of infringements on Sydney Ferries are issued for inappropriate use of concession tickets including problems with visitors to Sydney who assume that a concession entitlement in their home state/territory is valid for Sydney Ferries.

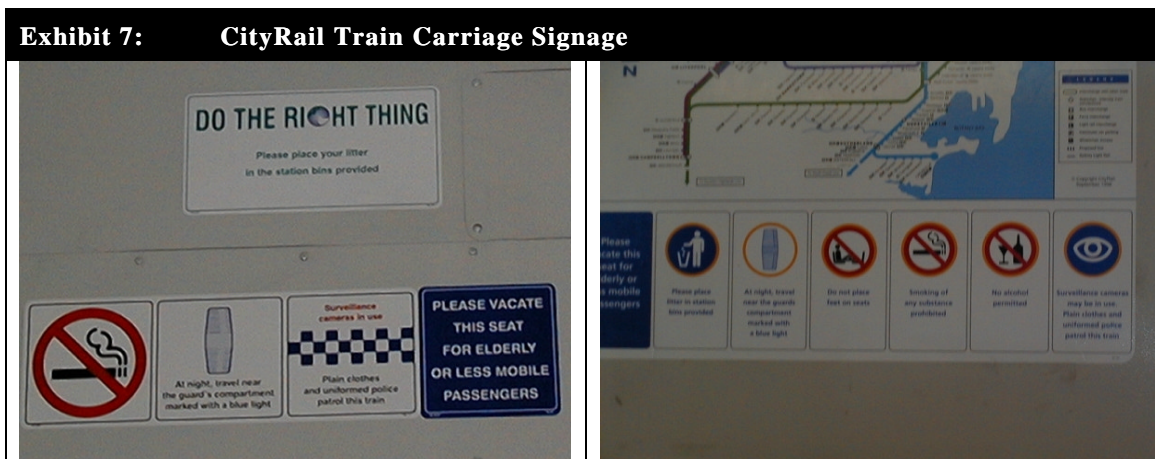
Only recently have notices been erected advising of transport regulations and the types of cards that qualify the holder to concession travel.

Audit Observations

The limited signage at Circular Quay is in comparatively small print and its placement on the wharves ensures that it is unlikely to be noticed.

CityRail

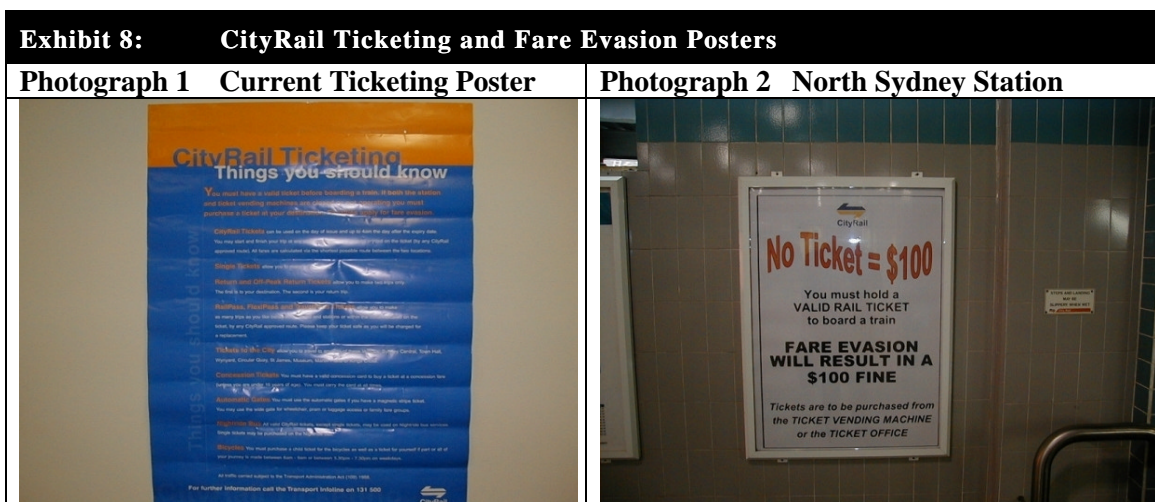
Train carriages display a variety of signage in regard to smoking, feet on seats, drinking, surveillance, vacation of seats, rubbish, Sydney network maps and the existence of patrols by uniformed and plain clothes police. There is no mention however, of fare evasion. Exhibit 7 refers.



Source: The Audit Office

CityRail

CityRail has erected a number of posters at railway stations to encourage correct ticketing.



Source: The Audit Office

Photograph 1 in Exhibit 8 above is of a current “corporate” poster titled– *CityRail Ticketing – Things you should know*. which makes the point that “*Penalties apply for fare evasion*”.

This emphasis on fare evasion is very muted compared to that of the poster shown in photograph 2 “*No Ticket = \$100. You must hold a valid ticket to board a train. Fare evasion will result in a \$100 fine*”.

<i>Audit Observations</i>	<p>The poster shown in photograph 2 was, however, visible to intending passengers only after entering the ticketed area. Other examples of inappropriate positioning of posters are:</p> <ul style="list-style-type: none"> ▪ Blacktown Station on 24 March 2000 had a poster on the wall opposite the entry to the Richmond line but nothing at the much busier entrance to the main Western line (the poster is titled “<i>Things You Should Know About CityRail Ticketing</i>”) ▪ Central Station on 13 March 2000 displayed 32 posters in its main Eddy Avenue entrance. Only one poster refers to appropriate ticketing (titled “<i>CityRail Ticketing – Things You Should Know</i>”) and was situated adjacent to the ticket office (that is in a location where it would only be observed after the decision had been taken to purchase a ticket). Another fare evasion poster displayed within the ticketed area was only visible to exiting passengers.
<i>Overseas Practice</i>	<p>The above examples contrast with the practice in the United Kingdom. There, operators must display notices on stations (including the entrance to the compulsory ticket area) which state the circumstances under which a penalty may be imposed for fare related offences. In cases of non-compliance by operators, the rail regulator will not allow penalties to be imposed on passengers.</p>
“At Risk”	<p>Passengers in the range 17 to 21 years of age have the highest incidence of fare evasion.</p>
<i>Audit Observation</i>	<p>Neither CityRail nor STA has material which seeks to target passengers in this age group.</p>
English Language	<p>All public education material is in English.</p>
<i>Audit Observations</i>	<p>Train carriages in Barcelona display notices in three languages, and in Singapore, four languages (re fare evasion, smoking, eating, carriage of flammable materials). Many signs and notices in stations in those cities are also in community languages.</p> <p>The display of educational material in various languages by operators in Sydney seems warranted given:</p> <ul style="list-style-type: none"> ▪ the multicultural population in major cities in NSW ▪ the level of overseas visitors.

3.10 Reviews of Fare Evasion Measures

CityRail

Management consultants, Booz Allen and Hamilton, prepared a report [5 September 1994] for the then SRA titled *Review of Revenue Protection Management Practice*.

The report advised that:

CityRail's Revenue Protection was deficient in four major areas:

- ☐ revenue protection is performing at a very low level – it must be rejuvenated
- ☐ regulatory environment does not provide sufficient support
- ☐ automatic ticket system has not yet met expectations
- ☐ public education – in the widest sense, is insufficient.

These problems are inter-related and systemic

The report included recommendations to improve revenue protection arrangements.

SRA Internal Audit

In October 1997 Internal Audit of SRA reported, inter alia, that:

- ☐ a lack of detailed plans and defined targets have left Units without a clear direction
- ☐ staff need to be held more accountable for time spent in the field.

The report included recommendations for improving fare evasion measures.

Internal Audit subsequently undertook a follow-up audit. The follow-up report, issued on 8 March 1999, concluded:

...Audit is of the opinion that inadequate progress has been made in the actual implementation of recommendations agreed.....

The report detailed a way forward for fare evasion measures within CityRail.

3.11 Conclusion

The review of the planning framework as implemented by the agencies subject to audit requires improvement. There are currently several barriers and impediments to a more efficient and effective system to protect fare revenues.

Business planning of operators is not adequate. Plans need to include reference to targets, strategies, training and measurable outcomes. The Business Plan of Sydney Ferries, for example, makes no reference to fare evasion. The allocation of resources in the absence of adequate planning is judgmental rather than objective. There is evidence, anecdotal and by observation, that the current level of resources is not adequate for the task.

Current technology inhibits the efficiency and effectiveness of revenue protection. Technology does not permit the processing of infringements or the retrieval of information of frequent offenders by RPOs on the job.

Intelligence needs to be used to target those locations and times where fare evasion is more prevalent. Intelligence needs to be used to drive rostering and tasking. Improved technology will assist the collection and retrieval of intelligence.

Management reporting against targets and outcomes requires improvement. Currently the information being provided to senior management contains important omissions, for example the costs of enforcement. In this sense accountability is diminished as is the opportunity to improve the efficiency and effectiveness of operations.

The extent and scope of management information provided is not adequate to adjudge the efficiency and effectiveness of revenue protection and respond accordingly. The focus centres around the number of infringements issued which is merely a measure of enforcement activity.

In an operational sense the inability of station staff to issue infringements may encourage apathy towards fare evasion particularly if a passenger is only referred to the nearest ticket selling outlet and the public perception is that the risk is low of encountering a revenue protection officer.

Given the extent of fare evasion as evidenced by surveys and the number of infringements issued, and remembering that infringements issued indicate the level of detection rather than the level of occurrence, the extent of public education is viewed as not adequate.

4. Improving Enforcement Effectiveness

4.1 Introduction

This section comments on impediments to improved arrangements for enforcement. Matters discussed include:

- differences in the law between operators
- discretion and cautions
- benchmarking
- penalty fares
- integrated ticketing.

4.2 Differences in the Law

CityRail and STA Different laws apply to CityRail and STA for revenue protection and other matters (the relevant laws are detailed in Appendix 6.3 *Relevant Legislation and Offences*).

Audit Observations A review of the relevant laws applicable to CityRail and STA discloses that:

- the penalties for like offences committed by juveniles are \$50 on rail and \$100 on bus and ferry. The published average costs for 1998-99 of rail, bus and ferry travel per passenger journey are \$6.01, \$1.63 and \$5.01 respectively.
- over-riding is a specifically prescribed and recorded offence on rail but not so on bus and ferry services
- CityRail has more efficient and effective enforcement powers compared to STA for those passengers who refuse to provide their name and address or provide a false name and address. Conversely STA, until 1 September 2000, was more generous than CityRail in the time allowed a passenger to validate an entitlement to concession travel.

On the above basis juvenile passengers travelling by bus and ferry suffer the burden of a greater financial penalty when infringed (despite the disparity in the cost of services) and are therefore treated unequally.

The public perceive all forms of public transport to be under the control of the Government. The above differences have the potential to confuse the public, particularly those who undertake inter modal transport.

It is noted that the penalties for offences on CityRail and STA services have not varied since 1994 and 1995 (respectively) despite the increase in the consumer price index.

**Frequent Fare
Evaders**

There is no express provision under the law for an infringement to be withdrawn and other proceedings initiated, for example, the intent to commit fraud. This contrasts with the provisions contained in the Protection of the Environment Operations Act 1997 which enables an infringement to be withdrawn, even if paid, and alternate proceedings commenced.

4.3 Discretion

The police and authorised officers of CityRail and STA (RPOs) may exercise discretion in the performance of their duties.

Discretion is the exercise of one the following alternatives: the issue of a verbal or written caution; or an infringement or a summons (to appear in court); or to take no action for breaches of the Acts and Regulations governing public transport.

CityRail

CityRail, in 1998, issued guidelines (titled “*Policy Statement for Fare Enforcement*”) to assist RPOs in the exercise of discretion.

STA

The STA has not developed guidelines in the exercise of discretion by RPOs in the issue of infringements and cautions.

Audit Observations

The guidelines of CityRail require improvement in certain areas as they refer to superseded practices, for example they refer to the issue of “Authority to Pay Fare at Destination”. Both STA and CityRail need guidelines (including criteria) to assist the deliberations of those who adjudicate on representations from infringed passengers.

These written guidelines should be developed jointly to ensure uniformity in treatment of the travelling public.

4.4 Cautions**STA**

The STA operates a formal (written) caution system.

By this means STA is able to counsel “first time” offenders, regardless of age, without the need to issue an infringement. The caution system provides a warning to a passenger (travelling without a valid ticket) that fare evasion is an offence. The written caution provides STA with evidence that the passenger may have the “mens rea” (the mental component) to offend.

This latter aspect is important should another offence occur which will likely result in a court appearance.

Usually a CN is issued for a first offence and where a passenger advises that he/she has not received an infringement or CN previously. An infringement will replace a caution if it is found that an infringement or CN has been issued previously (to that passenger). This warning is also printed on the CN. It is necessary therefore, for the STA to maintain a database of offenders and offences for this purpose which duplicates that of the IPB.

Audit Observations The Audit Office identified 38 instances of CNs issued to passengers for fare evasion offences where those passengers had received prior infringements for non-compliance with bus fare revenue regulations (*Source*: IPB records from 1 February 1997 to 30 September 1999 and STA CN database 1 January 1999 to 26 February 2000).

CityRail CityRail does not issue verbal cautions or CNs. It does, however, issue a caution letter to a passenger where an infringement, previously issued to the passenger, has been withdrawn on the basis of representations made.

CityRail had taken steps to introduce a caution system in 1996 but the proposal was abandoned because the then CEO determined that enforcement would continue on the basis of "zero tolerance".

The Minister for Transport, on 20 April 1998, wrote to the SRA requesting a review of the case for a CN system and outlining the advantages of such a system. Inquiries by the Audit Office indicate no response to the Minister's request.

4.5 Benchmarking

CityRail In 1994 Booz Allen and Hamilton reviewed the revenue protection management practices of CityRail.

The review provided a number of benchmarks with similar overseas rail organisations, and based on overseas experience, provided recommendations to CityRail on matching accomplishments with these organisations.

Audit Observations CityRail has yet to benchmark its operations either independently or based on the examples provided by Booz Allen and Hamilton.

CityRail has advised that the CEO of SRA proposes to establish benchmarking partnerships with certain overseas rail authorities. The focus will extend beyond revenue protection.

Buses and Ferries Sydney Buses and Sydney Ferries have yet to benchmark their revenue protection operations.

The following sections comment on proposals by operators to improve current arrangements. Matters covered include penalty fares and integrated ticketing.

4.6 Penalty Fares

CityRail is considering a penalty fare system as evidenced in its submission to the IPART (2000-01 Fare Review).

Penalty fares are imposed on any passenger found travelling without a valid ticket. Media reports suggest a penalty fare of \$20 is to apply.

The proposal may address certain issues raised in this report. For this reason the Audit Office reviewed the penalty fare system as operating in the United Kingdom.

London Underground London Underground is empowered to impose a Penalty Fare of £10 on any passenger found travelling without a valid ticket.

The penalty fare is paid “on the spot” by cash, credit card or cheque. If a passenger is not able to pay the fare “on the spot”, details are taken of the passenger's identity and the penalty fare is to be paid subsequently. A failure to provide a name and address may lead to criminal prosecution.

A significant characteristic of the arrangement is that the imposition of a penalty fare does not imply a judgement (of a passenger) of intent to avoid payment for travel. Intent may lead to the laying of a criminal charge for fare evasion if sufficient evidence of intent was found to be present.

There are appeal provisions against a penalty fare to a body independent of the operator. A common ground for appeal is that a valid periodical train ticket had been purchased by the passenger, but, for example, was not carried on the day of travel. Where an appeal is upheld the penalty fare may be refunded up to twice per year.

- Perceived Benefits** CityRail has advised that the Penalty Fare system could be self funding and is expected to reduce violence towards RPOs, because the arrangement:
- does not imply wrongdoing and thus avoids prolonged acrimonious dialogue
 - does not require prolonged questioning to establish the severity of the offence and establish the identity of the passenger
 - results in the issue of a receipt for payment for travel, not the issue of a (more expensive) infringement notice.

- Issues** A future penalty fare system would need to consider:
- differential penalty fares would need to be determined for urban and inter-urban travel. Seeking to determine the origin of a journey (for a passenger not in possession of a valid ticket) will lead to questioning and the potential for an acrimonious exchange
 - the need for a database to identify frequent offenders
 - the need to establish the correct name and address of a passenger (not in possession of a valid ticket) in cases where: inter-urban travel may be involved; a passenger is not able or not willing to pay a penalty fare "on the spot"; or a need to identify and reduce the incidence of frequent offenders
 - a Penalty Fare system requires RPOs to receipt and account for cash collections. CityRail abandoned cash collections and the issue of General Purpose Tickets in 1998 (section 3.4 *Operational Staff* refers) due in part, to problems associated with the collection and accounting for receipts.

4.7 Integrated Ticketing

- Outline** A main feature of integrated ticketing is the introduction of a plastic smart card for the payment of fares on public and certain private transport systems, that is trains, private and public buses, ferries, light rail and monorail.

Integrated ticketing will include existing fare systems for example, weekly, multi-ride and concession travel.

The smart card will extend to the Greater Sydney area, essentially the area covered by CityRail. Planning for integrated ticketing commenced in late 1997 and the project is due to be completed by December 2003.

The aim of the smart card is to facilitate and simplify the use of public transport and thereby promote increased patronage.

Other Features

Significant features of the smart card include:

- the card carries credits in the form of prepayments for a number of travel products (for example rail weekly, bus Travel 10) and individual purchases (for example a bus ticket from a private operator)
- lost or stolen cards are able to be cancelled and any remaining value transferred to a replacement card
- eventually the card will access other travel products
- using card readers RPOs will be able to interrogate smart cards as the need arises
- the CityRail system will have “tagging” at both start and end of the trip (that is card must be passed within 10 cm of a smart card reader). On Sydney Buses “tagging” will only occur upon boarding. A similar process will apply to the Inner Harbour ferry services.

Once operational issues have been resolved, tagging on and off allows for a fully closed system and minimises fare evasion

- a passenger seeking to access concession travel will be required to establish an entitlement (to concession travel) including proof of identity.

The system, at the time of a initial smart card purchase, will therefore, retain the name and address of the cardholder and details of the concession entitlement. This information should assist in preventing the issue of a second concession card.

4.8 Conclusion

It is considered that improvement can be achieved, and is warranted, in the following areas:

- consistency of monetary penalties and offence types between operators
- benchmarking of revenue protection practices and outcomes
- maintaining the deterrent effect of penalties by increasing the quantum of fines at regular intervals
- considering the benefits of greater synergy across public transport by the introduction of common penalties for common offences.

In the absence of appropriate guidelines, the decision making process in regard to discretion in the application of the law is less transparent and therefore open to abuse.

The introduction of smart card technology and all its features, should improve the convenience of ticketing arrangements for passengers, and if implemented with appropriate controls, should reduce the level of fare evasion.

5. Variations from the Law or Agency Policy

5.1 Introduction

This section comments on variations from the transport Acts and Regulations and other laws in regard to the imposition of fines and, in certain cases, the policies of agencies. Matters include:

- the age of criminal responsibility
- penalties for offences involving concession travel by rail
- aged based monetary penalties (rail)
- ultra vires enforcement
- the distribution of fine revenue.

5.2 Age of Criminal Responsibility

Each operator has adopted an enforcement policy towards young offenders.

Persons Under 10 Years of Age

Criminal responsibility is defined in Section 5 of the Children (Criminal Proceedings) Act 1987:

It shall be conclusively presumed that no child who is under the age of 10 years can be guilty of an offence.

STA, CityRail and the Police Service have provided training to employees as to the age of criminal responsibility. Further the IPB has installed computer operated edit controls over the operations of the TPS in order that infringements issued do comply with the law in regard to the age of the offender.

Audit Observations

Thirty-one (31) infringements for fare evasion (valued at \$1,950) have been issued to children under the age of 10 years (based upon the date of birth [DOB] recorded in the TPS) during the period 1 February 1997 to 30 September 1999.

The IPB advised that the edit controls had in fact identified those infringements processed where the offender was under 10 years of age. A review of a selection of these infringements bookcopy disclosed that, in most instances, the date of birth had not been correctly transcribed to the TPS by staff of the IPB and that errors, once identified, were not corrected.

The IPB advised that:

- the loss of experienced staff due to the proposed move to Maitland had contributed to the oversight
- remedial measures are now being undertaken including the re-training of staff.

**Persons Aged
Between 10-14
Years**

The common law presumes that persons aged between 10 to 14 years of age are “doli incapax” (incapable of committing a crime) unless the person admits to being aware that he/she has committed an act that was wrong/ illegal.

In response to this aspect of the law each agency has determined enforcement policy as follows:

- CityRail is not to issue an infringement to a person under the age of 14 years who is not accompanied by an adult
- STA is not to issue an infringement to a person under 16 years of age unless the matter is serious in nature, for example, vandalism
- the Police Service is not to issue an infringement to a child under the age of 14 years.

In addition, the IPB advised that the TPS had installed computer operated edit controls to ensure infringements issued do comply with the policy of the Police Service of not infringing a person under the age of 14 years.

Audit Observations

During the period 1 February 1997 to 30 September 1999, 621 infringements for fare evasion (valued at \$34,050) were issued to persons aged between 10 to 14 years (based upon the DOB recorded in the TPS).

The edit routines at the IPB identified the infringement of persons aged under 14 years but corrective action had not been taken. The IPB advised that those infringements issued to persons under the age of 14 currently will be reviewed and where required, the infringements cancelled.

The issue of infringements by the Police Service and STA to persons aged between 10 to 14 years indicates that controls are not effectively operating within agencies to ensure compliance with agency policy. This also appears to be the case in respect of CityRail as a review of the TPS disclosed few matches of child and adult surnames for fare evasion involving travel by rail.

STA

The STA also has issued infringements to persons aged between 14 to 16 years of age (between 1 February 1997 to 30 September 1999) for travel on:

- buses on 173 occasions (valued at \$1,730)
- ferries on 2 occasions (valued at \$200).

The number of infringements issued by the STA would be higher except for its policy of issuing a formal caution.

The issue of infringements by STA to persons above the age of 14 years but below the age of 16 years requires that the observance of controls (designed to ensure compliance with the policy of the STA for enforcement) be reviewed.

5.3 Concession Offences (Rail)

A passenger who committed an offence in regard to concession travel by rail was, prior to 1 September 1999, infringed under Section 97(1)(a) of the Transport Administration Act 1988. A penalty of \$100 was prescribed. Since 1 September 1999 offences concerning concession travel are dealt with under Clause 9 of the Rail Safety Regulations 1999.

Audit Observations

The Rail Regulation Handbook, issued by the IPB to CityRail personnel for guidance, and also used by the Transit Police, incorrectly recorded juvenile penalties for Section 97(1)(a) offences as \$50 in lieu of \$100 prescribed by regulation. The handbook issued to police officers correctly recorded the penalties for offences committed by juveniles.

CityRail and Transit Police have, therefore, imposed a lower and incorrect penalty for offences committed by juveniles during the period 1 September 1994 to 31 August 1999.

The IPB advised the Audit Office that CityRail did not advise of the error in the Rail Regulation Handbook. In this regard and on 15 November 1994, the IPB forwarded a facsimile to CityRail which advised (inter alia):

Attached you will find the revised Fixed Penalty Handbook

I am having 1,000 copies printed for you at the moment and I hope to have these available for despatch to you by the end of the week

Hoping this meets with your approval

The IPB did not specifically request CityRail to review and confirm the accuracy of the revised handbook and CityRail did not do so.

In seeking to estimate the quantum of revenue forgone, it was found that the TPS retains records (of infringements issued) for a period of fourteen months only at any point in time. For this reason it is not readily possible to determine the number of infringements issued with an incorrect penalty (that is beyond a time frame of fourteen months).

The more extensive records held by the Audit Office show that CityRail and the Transit Police issued 6,493 infringements (valued at \$324,650) between 1 February 1997 to 31 August 1999. On this basis CityRail has forgone (at least) \$324,650 in revenue.

The Service Level Agreement between CityRail and the IPB for the processing of infringements is silent on respective obligations in terms identifying and implementing changes to legislation which have implications for the processing of infringements by the IPB.

5.4 Aged Based Penalties (Rail)

Adult and Juvenile Penalties

Under the Rail Regulation 1994 and the Rail Safety Regulation 1999 an adult (18 years and over) incurs a penalty of \$100 while a juvenile (under the age of 18 years) incurs a penalty of \$50 for certain prescribed offences.

Audit Observation

Between 1 February 1997 and 30 September 1999, 3,713 infringements were issued to passengers where the penalty imposed was not consistent with the age of the offender. Overall excess penalties of \$78,000 were imposed, Exhibit 9 refers.

Exhibit 9: Errors in Monetary Penalties Imposed Based Upon Offenders Date of Birth During Period 1 February 1997 to 30 September 1999						
	Police Service		CityRail		Total	
	No	\$	No	\$	No	\$
Total Number of PNs Issued 1/2/97-30/9/99	57,621	4.987m	147,713	13.576m	204,834	18.563m
Offender over 18 and \$50 Penalty Imposed	576	0.029m (+0.029m)	498	0.025m (+0.025m)	1,074	0.054m (+0.054m)
Offender under 18 and \$100 Penalty Imposed	1,729	0.173m (-0.087m)	910	0.091m (-0.045)	2,639	0.264m (-0.132m)
Number of PNs Overall Issued with a Monetary Penalty Error and Associated Net Value	2,305 or 4.00% of PNs Issued. Overall excess fines of \$0.058m were imposed.		1,408 or 0.95% of PNs Issued. Overall excess fines of \$0.020m were imposed.		3,713 or 1.81% of PNs Issued. Overall excess fines of \$0.078m were imposed.	

Source: Audit Office Analysis

Notes:

1. PNs issued where a DOB for the offender was not recorded in the TPS have been excluded
2. Figures appearing in brackets within the Exhibit are the amount of under or over penalisation of offenders in total which occurred

5.5 Ultra Vires Enforcement

Rail

As from 1 September 1999, offences on rail under the Rail Safety Act 1993 and Regulations were proclaimed while offences previously prescribed under Section 97 of the Transport Administration Act 1988 and Transport Administration (Railway Offences) Regulation 1994 were repealed.

Audit Observations

Review of the TPS as at March 2000 disclosed that:

- 162 infringements (valued at \$15,450) were issued for offences committed after 31 August 1999 (these offences had been repealed)
- 53 infringements (valued at \$5,350) were issued for offences committed before 1 September 1999 (these offences had yet to be proclaimed). Exhibits 10 and 11 refer.

Exhibit 10: Infringements Issued after 31 August 1999 for Rail Offences using Repealed Law

	Police Service		CityRail		Total	
	No	\$	No	\$	No	\$
Number of PNs Issued	142	13,500	20	1,950	162	15,450
Date Last PN was Issued	26/12/1999		13/12/1999			
Status of PNs Issued:						
- Paid	24	2,450	3	250	27	2,700
- No Action etc	7	650	5	300	12	950
- Action Incomplete	1	100	2	200	3	300
- Court Elect	2	200	-	-	2	200
- Fine Default	108	10,100	12	1,200	120	11,300

Exhibit 11: Infringements Issued before 1 September 1999 for Rail Offences using Law not Proclaimed

	Police Service		CityRail		Total	
	No	\$	No	\$	No	\$
Number of PNs Issued	29	3,000	24	2,250	53	5,250
Date First PN was Issued	4/5/1999		5/5/1999			
Status of PNs Issued:						
- Paid	7	550	5	450	12	1,000
- No Action	9	1,050	2	200	11	1,250
- Fine Default	13	1,400	17	1,600	30	3,000

Source: Audit Office Analysis

Note: The status of the infringements issued was that recorded in the Audit Office TPS download of 31 March 2000.

The IPB advised the Audit Office that the issue of infringements based on legislation (repealed or not proclaimed at the time of offence):

- is exacerbated by legislation having a “sunset” clause, that is a specified end date
- the substance of the offence continues notwithstanding an infringement has been issued using incorrect offence and regulation codes
- the longstanding practice at the IPB has been to change offence and regulation codes to “new” codes if incorrect codes were used where the matter is to proceed to court
- there had been no objections by magistrates.

Consistent with this approach the IPB enhanced the TPS following the introduction of the Australian Road Rules in December 1999, whereby a withdrawal date for offences is recorded. Infringements recording an offence code based upon repealed legislation are identified and actioned by altering the offence and regulation codes to reflect current legislation.

The issue as to whether or not penalties imposed may be enforced for infringements issued using repealed or legislation not proclaimed is a matter which warrants legal advice.

The IPB advised it would examine the introduction of an edit routine to identify offence and regulations codes for offences which occurred before the commencement date of legislation.

5.6 Distribution of Fine Revenue

Rail

The Transport Administration Act 1988, prior to 1 September 1999, provided for fine revenue for offences involving travel by rail to be paid to the SRA. The Act was subsequently amended and from 1 September 1999, the distribution of fine revenue was altered. As a result:

- the SRA is to receive fine revenue from infringements issued by RPOs (City Rail)
- revenue from infringements issued by the Police Service (including the Transit Police) is to be paid to the Consolidated Fund in accordance with the Constitution Act 1902[@].

[@] Under the Constitution Act 1902, revenues collected from fines and penalties should be paid into the Consolidated Fund unless another Act directs otherwise.

Bus and Ferry In accordance with the Transport Administration Act 1988, fine revenue (for offences involving travel by bus and ferry) is to be paid to the STA.

IPB and SDRO A computer generated appropriation code (within the TPS) determines the distribution of fine revenue collected by the IPB and the State Debt Recovery Office (SDRO). The distribution is based on codes recorded on the infringement (for the type of offence and the issuing agency).

Audit Observations Fine revenue (before and after 1 September 1999) for offences involving travel by rail has not been distributed according to the Transport Administration Act 1988, that is revenue has been remitted to the SRA in lieu of the Consolidated Fund and vice versa.

Rail

For example, fine revenue from infringements issued before 1 September by police officers (other than the Transit Police) was remitted to the Consolidated Fund in lieu of the SRA.

The primary source of the problem is that the process (of allocating an appropriation code) does not distinguish between those agencies issuing the infringement and those entitled to receive fine revenue. The remedy requires that additional information be input into the TPS and/or programming by IPB.

Other instances where the Transport Administration Act 1988 is not being complied with are:

- for some months after 1 September, the Transit Police used offence and location codes not applicable to enforcement by police officers (hence fine revenue was remitted to the SRA in lieu of the Consolidated Fund; or will be so remitted in regard to infringements for which fines have yet to be paid)
- Transit Police (of the Endeavour Region) issued infringements for which an appropriation code was recorded at the IPB but no code was recorded in the records of the SDRO (with the result that fine revenue is retained by the SDRO instead of being remitted to the SRA).

It is not apparent how or why the appropriation code was lost from the SDRO records.

It is understood CityRail was aware of the incorrect distribution of non transit police infringements fine revenues but due to the low level of fine payment (as opposed to the cost of processing of infringements) chose not to pursue the matter.

Financial Impact

The face value of infringements (fines) that are able to be identified as being incorrectly coded in terms of the potential distribution of the proceeds of fines is \$740,000. Of this amount:

- SRA is entitled to receive \$740,000
- Consolidated Fund/SDRO Suspense is liable to refund \$672,000 to the SRA
- IPB Commercial Services Unit – is liable to refund \$68,000 to the SRA.

The required adjustments quoted above are subject to the following conditions:

- payment in full of fines imposed or
- successful recovery action by the SDRO for fines imposed but not paid
- action not being taken to correct the relevant details of IPB/SDRO computer records that gave/will give rise to an incorrect distribution of revenue.

As indicated in Exhibit 4 (section *1.6 Fine Defaults* refers) the overall payment rate achieved for infringements issued by General Duties and Transit Police as at March 2000 was 22.8% and 27.4% respectively. On this basis SRA would recover approximately \$260,000 as at March 2000.

The payment rates do not, however, take into account the effect of civil action that the SDRO is entitled to take for fines not paid (section *1.7 The Fine Default Rate Examined* refers).

The amount of \$740,000 is, however, indicative only. The actual amount is likely to be greater but is not able to be calculated because relevant records are not available (section *5.3 Concession Offences [Rail]* refers).

Exhibit 12: Financial Impact of Incorrect Distribution of Fine Revenue from Infringements Issued 1 February 1997 to 31 March 2000	
<i>SRA (CityRail)</i>	\$000
Revenue Due from General Duties Police and Endeavour Transit Police PNs Issued before 1 September 1999	1,078
Revenue Refundable from Transit Police PNs Issued after 1 September 1999	(406)
Net IPB Processing Fees Refundable after fees paid for Transit Police PNs Issued after 1 September 1999 and fees payable for Endeavour Transit Police PNs Issued before 1 September 1999 are offset against each other	68
Monies Due to the SRA (net)	740 + unknown
<i>Consolidated Fund/SDRO Suspense</i>	
Revenue Due from Transit Police PNs Issued after 1 September 1999	406
Revenue Refundable from General Duties Police and Endeavour Transit Police PNs Issued before 1 September 1999	(1,078)
Monies Refundable to SRA from Consolidated Funds/SDRO Suspense (net)	(672) + unknown
<i>IPB Commercial Services Unit</i>	
IPB Processing Fees Refundable for Transit Police PNs Issued after 1 September 1999	(68)
Processing Fees Refundable to SRA from IPBCommercial Services Unit (net)	(68)

Source: Audit Office Analysis

Notes:

1. The above calculations are based on 15,900 infringements (net of “waived” and “not actioned” infringements) with a monetary value of \$1.5m issued and processed during the period 1 February 1997 to 31 March 2000
2. The IPB Commercial Services Unit currently charges CityRail a processing fee of \$16.90 per infringement. Written advice by the IPB to the Audit Office states that no processing fees would be payable by CityRail in respect of infringements issued by General Duties Police
3. The above calculations assume the payment in full of fines imposed

5.7 Conclusion

The variations and breaches of statute that have occurred are varied and involve significant sums of money.

At some agencies (notably the IPB, the Police Service, and CityRail) the management of infringement issue in terms of compliance with the law is not adequate.

Conversely STA has substantially complied with the law as:

- the law dealing with bus and ferry service offences is less complex in terms of fine amounts and revenue distribution requirements and was not subject to the level of change experienced by other operators
- the operation of the formal cautioning system
- a centrally maintained database of offenders results in a more effective review of the "quality" of infringements issued.

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6. Appendices

Appendix 6.1 About the Audit

Audit Objective	The objective of the audit was to form an opinion on the efficiency and effectiveness of the arrangements for managing fare evasion on public transport.
Criteria and Scope	<p>The Audit Office reviewed the protection of fare revenue by Government owned and operated public transport passenger services, as to whether:</p> <ul style="list-style-type: none">▪ adequate policies and guidelines exist in order to guide the management of fare revenue protection▪ the arrangements for enforcing revenue protection law support the statutory obligations, objectives and responsibilities in an adequate and appropriate way▪ fare revenues were efficiently and effectively protected.
Limitation to the Scope of Audit	<p>The audit does not examine fare evasion on privately owned and operated public transport. Nor does the audit review evasion outside the Sydney environs, that is Newcastle Buses and Ferries and Countrylink.</p> <p>The audit also did not examine in detail the Transit Police. However, limited comment is included on certain activities of the Transit Police.</p>
Audit Approach and Methodology	<p>The audit approach and methodology involved undertaking (a):</p> <ul style="list-style-type: none">▪ research, review and analysis of relevant literature and prior studies undertaken in other audit jurisdictions (nationally and internationally)▪ review of enforcement practices and performance occurring in other countries for example England – London▪ analysing data on fare revenue protection obtained from key agencies▪ analysis of key documents and files of key agencies▪ discussions with representatives of the CityRail, STA, Department of Transport, the Police, IPB and SDRO▪ limited inspection of facilities managed by SRA and STA.
Audit Cost	The cost of the audit was \$282,058 (this cost includes printing \$10,000 [estimated], travel and incidentals \$315 and unpaid staff time \$22,824).
Acknowledgment	<p>The Audit Office gratefully acknowledges the cooperation and assistance extended to the audit team (see below) by representatives of the SRA, STA, the Department of Transport, the Police Service, IPB and the SDRO.</p> <p>The team conducting the audit were: Denis Streater (Director); Steve Sullivan (Project Leader); and Brian Holdsworth.</p>

Appendix 6.2 Public Transport: A Snapshot

Introduction

This section provides an overview of (government owned and operated) public transport in Sydney, the objectives of operators in regard to fare evasion, fares policy and responsibility for the management of revenue protection.

Public Transport

Types

In Sydney the Government owns and operates three modes of public transport - rail, bus and ferry.

Operators

The rail service is operated by CityRail, a division of the State Rail Authority of NSW (SRA). Bus and ferry services are operated by Sydney Buses and Sydney Ferries respectively, which are business divisions within the State Transit Authority (STA).

Exhibit 13 below gives an overview of patronage and fare revenue for 1998-99 and also the level of services provided in a typical week.

Exhibit 13: Sydney Public Transport Patronage Fare Revenues and Service Level Snapshot 1998-99				
	CityRail	Sydney Buses	Sydney Ferries	Total
Fare Revenue	\$390.1m	\$169.1m	\$33.3m	\$592.5m
Patronage	270.5m	185.8m	13.1m	469.4m
Approximate Number of Weekday Passengers Carried	900,000	630,000	38,000	1,568,000
Number of services per week	16,100	86,500	3,270	120,870

Source: 1998-99 SRA and STA Annual Reports and Agency Records

The Government's Policy Objective(s)

The Audit Office sought to confirm the objectives of the Government in regard to fare evasion. The Minister for Police, advised on the 29 March 2000:

There are no direct policy objectives with respect to fare revenue within the portfolio.

The Minister for Transport has provided no advice although invited on 13 December 1999 and 1 May 2000 to do so.

The Law	<p>The Transport Administration Act 1988, Rail Safety Act 1993 and the Passenger Transport Act 1990 and relevant regulations govern transport services and use by the public, refer Appendix 6.3 <i>Relevant Legislation and Offences</i>.</p> <p>The Minister for Transport is responsible for the administration of the Rail Safety Act 1993 and the Passenger Transport Act 1990 and regulations. The Minister for Transport and Minister for Roads are jointly responsible for the administration of the Transport Administration Act 1988 and its regulations.</p>
Fare Policy	<p>The fare policy on government owned public transport is that, with very few exceptions, a passenger must purchase and have in his/her possession a valid ticket for the specified journey.</p> <p>Children aged between 4 and 16 years of age travel at the half fare rate (children under 4 travel free), while adults (16 and above) travel at full fare. City Rail also provides for off peak fares at reduced rates for both adult and child travel. Both child and adult travel may be subject to concessions thereby providing free or reduced rates.</p> <p>Passengers who do not carry a valid ticket for the journey specified may be guilty of an offence (fare evasion is described in Section 1.2 <i>Fare Evasion</i>).</p> <p>The types of offences for fare evasion are detailed in Exhibit 14 within Appendix 6.4 <i>Relevant Legislation and Offences</i>.</p>
Offences	<p>Where an offence has been committed under any of the above acts and regulations by a passenger, the matter can be dealt with by a summons to appear in court or, as happens in most cases, by the issue of an infringement notice for the alleged offence.</p> <p>Infringements impose a monetary penalty on those who breach the law. Payment of the penalty by an infringed passenger is not, however, an admission of guilt.</p>
Authorised Officers	<p>Authorised officers comprise sworn police officers (including the Transit Police) and any person or member of a class of persons appointed in writing by the Chief Executive of SRA and/or the STA.</p> <p>Within this report, all authorised officers employed by the CityRail and STA are referred to as Revenue Protection Officers (RPOs).</p>

Roles and Objectives

CityRail and STA are the primary protectors of fare revenue.

SRA

The Corporate Plan (1998-99 to 2001-02) of the SRA states as the first of five financial priorities [to]:

Maximise revenue through increased patronage,
appropriate pricing and revenue protection.

Stated performance measures [are to]:

Decrease government funding by 5% each year

Increase passengers per employee by 25%

Another priority of the SRA is [to]:

Improve customer service including....accessibility.

The performance indicator for this later objective is to increase customer satisfaction year on year.

STA

The Corporate Plan of the STA (1998-99 to 2002-03) makes no specific reference to fare evasion. STA management is of the view that revenue losses [through fare evasion] are not significant.

The Police Service

Sworn police officers of the Police Service (including Transit Police) are empowered to enforce the transport law on bus, ferry and rail services.

The Transit Police

The role of the Transit Police is to keep the public transport system free of violence and crime so as to maximise passengers sense of safety and security. The Transit Police also contribute to the supervision of fare evasion. Transit Police issued 26,663 infringements for fare evasion on CityRail services in 1998-99.

The Assessment Report on Transit Police³ of October 1998 found the Transit Police lacked :

- ☐ consistency of purpose
- ☐ defined roles and
- ☐ a charter or similar statement to define their duties.

Changes to Transit Police location and management were recommended. Since then some limited changes have been implemented.

³ Reviewed was performed by the Police Service Operational Readiness Assessment Services

Appendix 6.3 Relevant Legislation and Offences

Transport services (and their use by the public) are regulated by the following :

Rail Rail Safety Regulation 1999 issued under the Rail Safety Act 1993. Prior to 1 September 1999 it was the Transport Administration (Railway Offences) Regulation 1994 issued under the Transport Administration Act 1988

Bus Prior to 1 September 2000 it was the Transport Administration (Bus Offences) Regulation 1995 issued under the Transport Administration Act 1988. After 1 September 2000 it was the Passenger Transport (Bus Services) Regulation 2000 issued under the Passenger Transport Act 1990.

Ferry Prior to 1 September 2000 it was the Transport Administration (Ferry Offences) Regulation 1995 issued under the Transport Administration Act 1988. After 1 September 2000 it was the Passenger Transport (Ferry Services) Regulation 2000 issued under the Passenger Transport Act 1990.

These regulations cover a variety of matters including terms and conditions of carriage, safety and order matters, protection and preservation of facilities and property.

Exhibit 14: Fare Evasion Offences

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Fare Evasion Offences under Relevant Acts and Regulations						
Nature of Offence	Old Rail (Note 1)	Penalty \$ (Note 2)	New Rail (Note 1)	Penalty \$	Old/New Bus & Ferry (Note 1 & Note 3)	Penalty \$
Transfer ticket					Cl. 6(1), Cl. 24(1)/12(1)	100
Transfer/offer to transfer ticket/portion of ticket	Cl. 5(1)	50/100	Cl. 7(1)	50/100		
Alter/deface ticket/make ticket illegible/inoperative					Cl. 7, Cl. 25/13	100
Travel/attempt travel while not in possession of ticket					Cl. 8, Cl. 26/14	100
Travel without valid ticket	Cl.6(1)	50/100	Cl.8(1)	50/100		
Travel/attempt to travel without having paid fare	Sect 97(1)(a)	100	Sect 79(2)(a)	50/100		
Travel beyond distance paid	Sect 97(1)(c)	100	Sect 79(2)(c)	50/100		
Not pay fare on demand/refuse to pay fare	Sect 97(1)(b)	100	Sect 79(2)(b)	50/100		
Travel/attempt to travel in carriage to which not entitled	Sect 97(1)(d)	100	Sect 79(2)(d)	50/100		
Use/attempt to use pass which not entitled/invalid pass	Sect 97(1)(e)	100	Sect 79(2)(e)	50/100		
Use concession ticket while not entitled (Note 4)					Cl. 9 (1) Cl. 27(1)/15(1))	100
Travel on concession ticket to which not entitled	Cl. 7(1)	Summons - 2 Penalty Points Maximum	Cl. 9(1)	50/100		
Fail to produce evidence of entitlement to concession (Note 4)					Cl. 9(3), Cl. 27(3)/15(3)	100
Not produce concession ticket entitlement	Cl. 7(2)	Summons - 2 Penalty Points Maximum	Cl. 9(3)	50/100		
On train/platform not make ticket available for inspection/processing	Cl. 8	50/100	Cl. (10)	50/100		
Fail to make ticket available for inspection					Cl. 10, Cl. 28/16	100
Fail to offer ticket for processing					Cl. 11(1), Cl.29(1)/17(1)	100

Fare Evasion Offence under Relevant Acts and Regulations (continued)						
Nature of Offence	Old Rail (Note 1)	Penalty \$ (Note 2)	New Rail (Note 1)	Penalty \$	Old/New Bus & Ferry (Note 1 & Note 3)	Penalty \$
Supply false particulars for concession purposes					Cl. 9(5), Cl. 27(5)/15(5)	100
Give information/tender document false misleading as to age/occupation/status in/re application	Cl. 7(5)(a)	Summons - 2 Penalty Points Maximum	Cl. (9)(4)(a)	50/100		
Give information/tender document false misleading as to age/occupation/status as compliance	Cl. 7(5)(b)	Summons - 2 Penalty Points Maximum	Cl. (9)(4)(b)	50/100		
Leave restricted area without offering ticket	Cl. 9(1)	50/100	Cl. 12(1)	50/100		
Enter restricted area without processing ticket			Cl. 11(1)	50/100		
Not give police officer/authorised officer name/address	Cl. 41	Summons - 2 Penalty Points Maximum	Sect 80(2)(a)	100	Cl.31/Cl.35, Sect 55	Summons – 2/5 Penalty Points Maximum
Give police officer/authorised officer false name/address			Sect 80(2)(b)	100		
Hinder/obstruct authorised officer/person			Sect 81	100		

Source: Transport Administration [Railway Offences] Regulation 1994, Transport Administration Act 1988, Rail Safety Regulation 1999, Rail Safety Act 1993, Transport Administration (Bus Offences) Regulation 1995, Transport Administration (Ferry Offices) Regulation 1995 and associated IPB Fixed Penalty Handbooks

Notes:

1. “Old Rail” refers to fare evasion offences before 1 September 1999 under the Transport Administration [Railway Offences] Regulation 1994 and Transport Administration Act 1988. “New Rail” refers to fare evasion offences after 1 September 1999 under the Rail Safety Regulation 1999 and Rail Safety Act 1993. Old Buses and Ferries fare evasion offences before 1 September 2000 were under the Transport Administration [Bus/Ferry Offences] Regulations 1995 and Transport Administration Act 1988. “New Buses and Ferries” refers to fare evasion offences under the Passenger Transport (Bus/Ferry Services) Regulations 2000 issued under the Passenger Transport Act 1990.
2. The monetary penalty shown for an offence is that recorded in the IPB Fixed Penalty Handbook.
3. Bus and ferry have been combined as the protection of fare revenue offences are exactly the same under the applicable law.
4. Under the Rail, Bus and Ferry Regulations 1994 and 1995 respectively 24 hours was allowed in which to produce evidence of entitlement. However, now on all services no time is allowed.

Appendix 6.4 Infringements Issued for Fare Evasion in 1998-99

Exhibit 15: Infringements Issued for Fare Evasion in 1998-99							
	Nature of Offence	RPO	Police	Total Rail	Bus	Ferry	Total All
CI 6(1)	Transfer ticket				0.3%		0.0%
CI 5(1)	Transfer/offer to transfer ticket/portion of ticket	0.0%	0.1%	0.0%			0.0%
CI 7	Alter/deface ticket/make ticket illegible/inoperative				0.0%		0.0%
CI 8	Travel/attempt travel while not in possession of ticket				60.9%	2.2%	2.3%
CI 6(1)	Travel without valid ticket	71.9%	59.4%	67.9%			65.2%
97 (1)(a)	Travel/attempt to travel without having paid fare	18.6%	25.8%	21.0%			20.1%
97 (1)(b)	Not pay fare on demand/refuse to pay fare	0.6%	0.1%	0.4%			0.4%
97 (1)(c)	Travel beyond distance paid		0.1%	0.0%			0.0%
97 (1)(d)	Travel/attempt to travel in carriage to which not entitled		0.0%	0.0%			0.0%
97 (1)(e)	Use/attempt to use pass which not entitled/invalid pass		0.0%	0.0%			0.0%
CI 9(1)	Use concession ticket while not entitled				8.1%	16.2%	0.3%
CI 9(3)	Fail to produce evidence of entitlement to concession				28.5%	81.7%	1.3%
CI 8	On train/platform not make ticket available for inspection/processing	8.7%	14.3%	10.5%			10.1%
CI 10	Fail to make ticket available for inspection				0.2%		0.0%
CI 11(1)	Fail to offer ticket for processing				0.1%		0.0%
CI 9(5)	Supply false particulars for concession purposes				1.9%		0.1%
CI 9(1)	Leave restricted area without offering ticket	0.1%	0.2%	0.1%			0.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Number of Infringements	65,262	30,882	96,144	3,808	229	100,181

Source: Audit Office Analysis

Note: RPOs issued all the PNs for fare evasion on bus and ferry services

Appendix 6.5 Frequency of Fare Evasion 1 February 1997 to 30 September 1999

Exhibit 16: Frequency of Infringement, Receipt 1 February 1997 to 30 September 1999										
	Rail RPO's		Rail Police		Rail Combined		Buses		Ferries	
Number of Offences	Number of Persons	Monetary Value of Offences	Number of Persons	Monetary Value of Offences	Number of Persons	Monetary Value of Offences	Number of Persons	Monetary Value of Offences	Number of Persons	Monetary Value of Offences
151-200					1	15,900				
100-150	1	13,500								
71-80	1	6,500			1	7,500				
61-70	1	6,500			4	25,150				
51-60					3	15,400				
41-50	2		7	31,400	9	40,600				
31-40	2	7,400	14	47,200	29	91,300				
26-30	2	5,300	16	41,150	38	91,650				
21-25	7	13,750	32	65,950	81	166,100				
16-20	17	27,000	78	122,600	135	212,150				
11-15	62	68,500	168	190,700	406	463,450				
10	30	27,350	72	62,250	155	141,650				
9	54	42,050	98	79,050	213	174,450				
8	67	50,150	130	96,250	268	193,150				
7	150	99,950	176	108,450	435	276,250				
6	232	129,000	245	129,600	691	367,050	1	600		
5	453	207,200	421	185,650	1,124	502,000	2	1,000		
4	1,065	387,150	747	263,750	2,081	738,900	8	3,200		
3	2,788	761,600	1,539	399,000	4,679	1,246,450	52	15,600	1	300
2	10,669	1,947,550	4,175	713,850	14,617	2,610,950	323	64,600	8	1,600
1	106,089	9,774,000	28,763	2,450,375	122,923	11,183,625	8,096	809,600	532	53,200
Total	121,691	13,576,450	36,681	4,987,225	147,893	18,563,675	8,482	894,600	541	55,100

Source: Audit Office Analysis. Based on matching PNs with same names and dates of birth.

Note: The person offence frequency shown is only in respect of those PNs issued which recorded an offender's date of birth. There were 7,152 PNs issued which did not have date of birth details included.

Appendix 6.6 Responses from Agencies

Response from the Office of the Co-ordinator-General of Rail

I refer to your letter of 1 November 2000 concerning the Performance Audit recently completed by the Audit Office on fare evasion on public transport. Thank you for the opportunity to comment on the Audit report.

Having read the report I broadly agree with the Audit recommendations and make the following comments.

In respect to identification of resources necessary to address fare evasion, State Rail will be increasing staffing levels to improve numbers of tickets and concession authorities checked by staff authorised to issue infringement notices.

The planned introduction of Hand-Held Ticket Verifiers (HHTVs) will allow daily reporting of the numbers of passengers subject to inspection while providing a sounder basis for estimating the level of fare evasion when combined with regular surveys.

In regard to fine defaults, State Rail achieves an enforcement rate comparable to other transport agencies and better than Transit and General Duties Police on rail. A significant factor in the low enforcement rate is the inability of staff to correctly identify offenders, leading to the Infringement Processing Bureau and State Debt Recovery Office being unable to enforce many infringements. In relation to this, State Rail is pursuing a proposal for legislative change that would allow authorised officers to positively identify offenders. In addition, State Rail welcomes plans to increase funding for the State Debt Recovery Office to improve enforcement action and reduce defaults.

Public awareness is currently being addressed through revision of signage on stations and trains. A public education strategy is being developed to further promote awareness of revenue protection laws and State Rail's enforcement activity.

The Public Transport Authority is presently conducting a review of public transport concession entitlements, and will report to the Minister on this matter. The complexity of concession entitlements is a matter for consideration in the review.

In light of Audit recommendations, State Rail will:

- revise current instructions for the use of discretion by staff in the issuing of penalties
- address the problem of frequent fare evaders through the issue of Summons rather than infringement notices
- review existing procedures for ensuring infringement notices comply with law and policy.

State Rail will meet with representatives of the Infringement Processing Bureau and State Debt Recovery Office to address issues of revenue distribution, management information and the level of default in the payment of fines.

(Signed)

Peter Scarlett
Acting Co-Ordinator-General of Rail

Date: 22 November 2000

Response from the Attorney General's Department

Thank you for your letter dated 1 November enclosing the above performance audit report.

I have read the report with interest and am pleased to note the recognition of the State Debt Recovery Office's strategies, following the allocation of increased funding, to address the accumulation of matters in the fine enforcement process.

In relation to the high level of default of fare evaders when compared to that experienced for infringements issued for street parking and traffic fines, and frequent fare evaders (pages 20-26) the SDRO will provide assistance, advice and comment to the State Rail Authority and to the Police Service in initiating strategies to improve compliance and payment rates.

In relation to the offence codes used for infringement notices and the distribution of revenue received (pages 66-70) the SDRO is obliged to use the information provided by the IPB. However, the SDRO will implement any changes as may be advised by the IPB.

It should also be noted that the SDRO has quite separately, improved the management information provided to agencies. Improved reporting will accompany with the November payments to agencies.

(Signed)

Laurie Glanfield
Director-General

Date: 22 November 2000

Response from the NSW Police Service

Thank you for the opportunity to respond to this report.

The Police Service endorses the comments of the Audit Office as the comments relate specifically to the role of the Infringement Processing Bureau and the role of Transit Police in the issuing of infringement notices with the exception of the final audit finding (page 8).

The Police Service does not feel that legal advice is warranted on matters of incorrect penalties. The Offence code is an administrative tool to point to legislation in identifying an offence. A Police Officer observes an offence being committed and records the circumstances that prove the offence. Each offence has a prescribed short title describing the offence to which the Infringement Processing Bureau adds an offence code.

The Bureau is not obliged to use the penalty short title as it is gazetted but only something substantially similar. This has previously been confirmed by the Crown Solicitor.

The Bureau's longstanding policy has been when an incorrect offence code has been used, as long as the offender is not disadvantaged by an incorrect demerit point allocation or penalty amount, the code is corrected and updated.

There have been numerous amended infringement notices proceed to Court without challenge by a Magistrate. The precedent exists to justify the practice continuing. Unless challenged it is not considered legal advice is required.

I trust this information is of assistance.

(Signed)

J Jarratt
Deputy Commissioner

Date: 21 November 2000

Response from the State Transit Authority

Thank you for the opportunity to respond to your report on Fare Evasion on Public Transport.

The review was thorough and a useful contribution to the policy debate in this area. Of particular interest is the attention it draws to the critical issues of fine default enforcement, abuse of concession entitlements and inter agency co-ordination in the overall revenue protection process.

State Transit is pleased to observe that the report recognises that the requirements of revenue protection systems differ depending on the nature of the operating environment and whether ticketing systems are open or closed.

I provide more detailed comment below on issues specifically relevant to State Transit.

Fare Evasion

State Transit notes the Audit Office's view that a statistically based annual "survey" methodology used by the SRA to estimate fare evasion is more reliable than the methodology used by State Transit.

In fact, the use of the term "survey" is misleading in that it implies some form of non-interventionist observation. We assume that what your office is actually promoting is the application of statistically based sampling processes to revenue protection. As you know, such process do not have to be annual; indeed they are more effective if ongoing through the year and if they simulate, as nearly as possible, a random sample.

State Transit does not conduct annual surveys to predict the extent of fare evasion but instead relies on substantial random inspection of passengers throughout the year and measures the extent of fare evasion by the number of actual penalty and caution notices issued as a percentage of passengers checked.

State Transit considers that the very extensive random ticket inspections conducted seven days a week across all State Transit services provides an accurate picture of fare evasion on its systems and is a very reliable basis for assessing the nature, level and trends of fare evasion on its services.

We submit that random sampling of passengers is a legitimate statistical technique for determining the characteristics of the total volume of passengers carried.

The results of these extensive inspections, supplemented by the outcomes of special campaigns/fare blitzes, analysis of data captured by the Automatic Fare Collection (AFC) system and feedback from bus drivers and customer service co-ordinators provide a very sound basis for determining revenue protection strategies and appropriate resourcing levels. It is considered unlikely that a statistically based annual "survey" would better inform decisions in these areas.

In relation to Sydney Buses it needs to be recognised that the bus driver and the AFC system are integral components of revenue protection. Fare evasion on bus is predominantly related to over-riding (incorrect ticket) and concession card abuse. This situation is very different to the rail environment.

It is extremely difficult to board a bus without purchasing a ticket from the driver or dipping a valid ticket in one of the two validators (green machines) on each vehicle. For this reason the level of fare evasion detected (incorrect ticket) does not involve anything like the level of revenue leakage that can occur in circumstances where passengers are not ticketed at all.

It is very difficult to calculate the revenue loss in State Transit through fare evasion as nearly all passengers purchase a ticket, albeit a small proportion (0.7%) travel on an incorrect ticket and at the time of interception it may not be clear what is the passenger's intended destination.

The actual revenue leakage from fare evasion is the fare increment for the additional travel consumed beyond the section/zone limits of the ticket purchased. This incremental revenue loss would vary markedly across the over-riding incidents detected.

It is acknowledged however, that revenue protection is hampered by the current limitations faced by revenue protection officers in validating a passenger's entitlement to concessional travel and in establishing correct personal details for other forms of fare evasion.

Your report recommends the application of benchmarks and key performance indicators to measure revenue protection outcomes against other operators and provides a comparison with London Buses. State Transit has participated in a number of benchmarking studies in this area, particularly prior to the introduction of its current AFC system in 1993. A post implementation review of the AFC system by Anderson Consulting confirmed that there was a real fare increase of 3.9% following its implementation. The consultants attributed this increase to the change in passenger fare purchase behaviour and the reduction in over travelling, fraud and fare evasion.

We note that by comparison with other modes in Australia and elsewhere, State Transit fare evasion is low - that is not an accident - it is good management.

In 1995, a comparative study of fare evasion in all major capital city public transport operators indicated that the level of fare evasion in State Transit services was the lowest of the operators sampled.

There are limitations to the value of benchmarking with operators in other jurisdictions due to different operating environments, fare structures and ticketing arrangements. Any comparison of State Transit with London Buses is largely irrelevant as many London passengers can board at the rear of the bus and the relatively higher fares provide a greater incentive to evade fares.

A more relevant comparison would be against the larger private bus operators in Sydney.

You report limitations in detecting fare evasion on ferries because passengers can purchase a ticket at their destination but it should be noted that this is the specific design of the system and that, where passengers are all paying the same fare, there is nothing intrinsically wrong with paying for a service after delivery rather than before. To do otherwise would require staffing and gating of all Sydney Harbour wharves and this would not be cost effective. What is important is that travellers to Circular Quay cannot leave the wharf without paying a fare. Revenue protection in Sydney Ferries is therefore concentrated at the electronic gates, which are all manned during normal service hours, and at ungated intermediate wharves. The report notes that the most prevalent form of fare evasion on Sydney Ferry services is the abuse of concession entitlements, and it should be noted that the use of concession tickets at electronic gates is registered by an indicator light which facilitates inspection by the full-time revenue protection officers in Sydney Ferries.

At the end of the day the objective is not to catch offenders - it is to collect the right fare for every trip. We believe we do this well.

Revenue protection resources in State Transit are considered satisfactory and have been maintained at a relatively constant level in recent years. This is reflected in the level of ticket inspections performed and the consistently low level of fare evasion recorded over the last five years.

The effectiveness of revenue protection has improved over this period with the appointment of Customer Service Co-ordinators (CSCs), whose functions are split between driving and revenue protection, better utilisation of AFC data and improved control over the rostering and deployment of revenue protection officers (CSCs). Part time driving duties enable CSCs to identify potential hot spots and observe passenger behaviour relevant to fare evasion.

State Transit concurs with the audit observation that intelligence needs to drive rostering and the tasking of resources to those areas where fare evasion is considered more prevalent.

The results of random ticket inspection, analysis of AFC data and feedback from drivers, CSCs and passengers are all factors that influence the tasking and deployment of revenue protection resources in State Transit. Revenue protection improvements have also been effected through changes to the fare structure. eg. following a recommendation from the Independent Pricing and Regulatory Tribunal the previous 3-9 section fare was split into 3-5 and 6-9 section fares. This reduced the incentive to over-ride and improved fare equity for passengers.

Human Resources	<p>Major and minor blitzes are conducted on a regular basis in response to the intelligence gathered. The resultant revenue effects are closely monitored in connection with these special exercises and the results are variable. In some instances, fare box revenue declined on the services targeted.</p> <p>Your Report calls for “a more robust methodology for determining the appropriate level of staff for revenue protection relative to predetermined outcomes”. State Transit has conducted some enquiry in this area but has yet to identify a proven methodology.</p>
Accountability	<p>The accountability for revenue protection across State Transit bus and ferry services is clear. Four Area General Managers (Sydney Buses) and the General Manager, Sydney Ferries are responsible for the revenue protection resources, activities and outcomes in their respective areas and they work with each other to ensure appropriate direction of resources. The Revenue Protection Manager attached to the Corporate Head Office provides assistance to these managers in the formulation of strategy; planning for major and minor blitzes; data collection and management information reporting; training and induction; monitoring compliance; and analysing revenue protection outcomes.</p> <p>The current monthly reports of revenue protection outcomes (passengers checked, penalty and caution notices issued by category etc) are adequate but it is acknowledged that there is scope to improve the utility and distribution of these reports and this is being addressed.</p>
Non Payment of Fines	<p>The non payment of fines is a concern to State Transit and any initiative to assist in the identification of offenders and which improves enforcement action is welcomed. This issue should be addressed before or concurrently with any major review of fines.</p>
The Law and Its Application	<p>The inconsistency in the prescription of particular offences in the rail and bus industries is acknowledged. The offence of over-riding is categorised by regulations applying to all bus operators in New South Wales as “Travelling without a valid ticket”. This offence represents roundly 60% of all fare evasion on State Transit bus services and nearly all of these offences relate to over-riding (incorrect ticket).</p>

**Fare Evasion and
Managing Conflict**

State Transit, in conjunction with NSW Police Service, conducts a very successful safety and security program called Operation Bus Stop across the State Transit network. This involves joint Police/CSC staff targeting known trouble spots in the network. Police boardings on State Transit buses have been averaging nearly 1400 per month.

State Transit appreciates the Audit Office's efforts in completing the review of Fare Evasion on Public Transport and I am sure that the public transport system will benefit from the observations and recommendations provided.

(Signed)

**John Stott, PSM
Chief Executive**

Date: 22 November 2000

Response from the Department of Transport

Thank you for giving me the opportunity to comment on the "Performance Audit Report - Fare Evasion on Public Transport", conducted by the Audit Office in consultation with the transport agencies, NSW Police and the Attorney General.

In relation to the Audit Office Report, I broadly support the recommendations put forward and can advise that the Department of Transport is taking the following actions:

- Examining the current fine structure to ensure consistency in penalties imposed on juvenile and adult fare evaders across the rail, bus and ferry networks;
- Pursuing proposed legislative changes on a range of measures to minimise fare evasion on public transport including the possible increased powers for an Authorised Officer to demand verification of an offender's name and address.

It should also be indicated that the Public Transport Authority is conducting a review of public transport concession entitlements. the complexity of concession entitlements, as outlined in the Audit Office's report, is a matter for consideration in the review.

I understand that the State Rail Authority (SRA) and State Transit Authority (STA) have provided separate submission directly to the Audit Office.

(Signed)

**Michael Deegan
Director General**

Date: 24 November 2000

Performance Audits by the Audit Office of New South Wales

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The legislative basis for performance audits is contained within the *Public Finance and Audit Act 1983, Division 2A*, which differentiates such work from the Office's financial statements audit function. Performance audits examine whether an authority is carrying out its activities effectively and doing so economically and efficiently and in compliance with all relevant laws. These audits also evaluate whether members of Parliament and the public are provided with appropriate accountability information in respect of those activities.

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3	Public Servant Housing	<i>Rental and Management Aspects of Public Servant Housing</i>	28 September 1992
4	Police Service	<i>Air Travel Arrangements</i>	8 December 1992
5	Fraud Control	<i>Fraud Control Strategies</i>	15 June 1993
6	HomeFund Program	<i>The Special Audit of the HomeFund Program</i>	17 September 1993
7	State Rail Authority	<i>Countrylink: A Review of Costs, Fare Levels, Concession Fares and CSO Arrangements</i>	10 December 1993
8	Ambulance Service, Fire Brigades	<i>Training and Development for the State's Disciplined Services:</i> <i>Stream 2 - Skills Maintenance Training</i>	13 December 1993
9*	Fraud Control	<i>Fraud Control: Developing an Effective Strategy</i> <i>(Better Practice Guide jointly published with the Office of Public Management, Premier's Department)</i>	30 March 1994
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33	State Rail	<i>Accountability and Internal Review Arrangements at State Rail</i>	19 December 1996
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35	NSW Health Department	<i>Medical Specialists: Rights of Private Practice Arrangements</i>	12 March 1997
36	NSW Agriculture	<i>Review of NSW Agriculture</i>	27 March 1997
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41	The Law Society Council of NSW, the Bar Council, the Legal Services Commissioner	<i>A Review of Activities Funded by the Statutory Interest Account</i>	30 June 1997
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48	Fraud Control	<i>Status Report on the Implementation of Fraud Control Strategies</i>	25 March 1998
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57	Rural Fire Service	<i>The Coordination of Bushfire Fighting Activities</i>	2 December 1998
58	Walsh Bay	<i>Review of Walsh Bay</i>	17 December 1998
59	NSW Senior Executive Service	<i>Professionalism and Integrity Volume One: Summary and Research Report Volume Two: Literature Review and Survey Findings</i>	17 December 1998
60	Department of State and Regional Development	<i>Provision of Industry Assistance</i>	21 December 1998
61	The Treasury	<i>Sale of the TAB</i>	23 December 1998

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63	Department of Education and Training	<i>The School Accountability and Improvement Model</i>	12 May 1999
64*	Key Performance Indicators	<ul style="list-style-type: none"> • <i>Government-wide Framework</i> • <i>Defining and Measuring Performance (Better practice Principles)</i> • <i>Legal Aid Commission Case Study</i> 	31 August 1999
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67	University of Western Sydney	<i>Administrative Arrangements</i>	17 November 1999
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72	Hospital Emergency Departments	<i>Delivering Services to Patients</i>	15 March 2000
73	Department of Education and Training	<i>Using computers in schools for teaching and learning</i>	7 June 2000
74	Ageing and Disability Department	<i>Group Homes for people with disabilities in NSW</i>	27 June 2000
75	NSW Department of Transport	<i>Management of Road Passenger Transport Regulation</i>	6 September 2000
76	Judging Performance from Annual Reports	<i>Review of eight Agencies' Annual Reports</i>	29 November 2000
77*	Reporting Performance	<i>Better Practice Guide</i> <i>A guide to preparing performance information for annual reports</i>	29 November 2000
78	State Rail Authority (CityRail) State Transit Authority	<i>Fare Evasion on Public Transport</i>	December 2000

* Better Practice Guides



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