

# **THE RELIABILITY OF MELBOURNE'S TRAINS 1993-2007**

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## SUMMARY

This report examines the reliability of Melbourne's train services before, during and after privatisation, focussing on cancellations and late-running. The principal findings are:

- The years up to 1997, when the Kennett government announced its decision to privatise public transport, were marked by low rates of cancellations (ranging from 0.3% to 0.6% of scheduled services) and steadily declining proportions of late-running trains.
- The rail system was restructured, split in two in late 1997 in preparation for privatisation, and this caused a sharp deterioration in reliability for the 1997-98 and 1998-99 financial years: cancellations more than doubled, and late-running increased. A partial recovery from this deterioration was underway by the time privatisation took effect, on 29 August 1999.
- The standard for measuring late-running was relaxed at the time of privatisation, from five minutes to six minutes, contrary to a recommendation of the Auditor-General to tighten the standard to three minutes (the figure currently used in Perth). It is not clear who made this decision or why.
- The Director of Public Transport has routinely released comparative pre- and post-privatisation reliability figures. These figures are misleading, because the Director has failed to disclose the fact that the standard for on-time running has been relaxed, and because he has used the abnormally poor figures from the restructuring years of 1997-98 and 1998-99 as the basis for presenting pre-privatisation performance.
- The true picture is that service reliability has steadily deteriorated since privatisation, with a dramatic decline in performance after Connex took over the whole rail system in April 2004. Reliability is now considerably worse than at the time of privatisation in 1999, and also worse than the figures and trends established before preparations for privatisation commenced in 1997. This deterioration in performance is not widely appreciated, however, because of the misleading comparisons with public operation released by the Director of Public Transport.
- These findings raise serious questions about the future of Melbourne's rail service. They demonstrate that Connex has performed very poorly as a rail operator, but also that the Director of Public Transport appears not to be performing his job, which is to provide the community and the Public Transport Minister with accurate, unbiased information about Connex's performance.

## **Introduction**

The Victorian community is currently debating what to do about the expiry next year of the franchise agreement under which Connex runs Melbourne's suburban trains. In order that this debate should be an informed one, reliable information is needed about the performance of the private operator.

A critical performance indicator is service reliability. As former Auditor-General Ches Baragwanath stated in his 1998 review of the Kennett government's public transport 'reform program':<sup>1</sup>

To passengers using a public transport service, reliability is concerned with whether the various public transport modes are punctual and provide a service which is compatible with passenger needs. The two key elements of reliability are:

- *service delivery* - the provision of advertised services and the actual completion of scheduled trips; and
- *punctuality* - adhering to published timetables.

The Auditor-General concluded that reliability had steadily improved over the period of the reform program, with reductions in the number of trains running late and a relatively low level of cancellations; however, he added that further improvements were necessary and possible.<sup>2</sup>

In 1997, the Victorian government decided to privatise the increasingly reliable suburban train service with the aim of further improving its performance. Since private operation began on 29 August 1999, there have been repeated claims of improvements in both aspects of reliability; both cancellations and late-running are said to have fallen. These claims have been greeted with skepticism by many train travellers, who face a daily reality of late and cancelled services. Whose perception is the correct one?

Fortunately, it is possible to provide an objective answer to the question, because statistics on cancellations and late-running have been kept for the whole period since 1993. This report reviews those statistics in order to determine which assessment of the situation is the correct one. This task is not as simple as compiling a list, because of a number of special factors, the most important of which is a relaxation of the standard for on-time running at the time of privatisation.

The figures show a clear pattern of improvement in the 1990s (under public ownership) contrasting with decline in recent years (since privatisation). This decline has become particularly apparent since the assumption of sole responsibility for the suburban rail services by Connex on April 18, 2004. Instead of the improvement that was anticipated under a privatised system, the gains achieved in service reliability and punctuality under the previous

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<sup>1</sup> Auditor-General of Victoria, *Public Transport Reforms: Moving from a system to a service* (Melbourne: Govt Printer, 1998), p. 42.

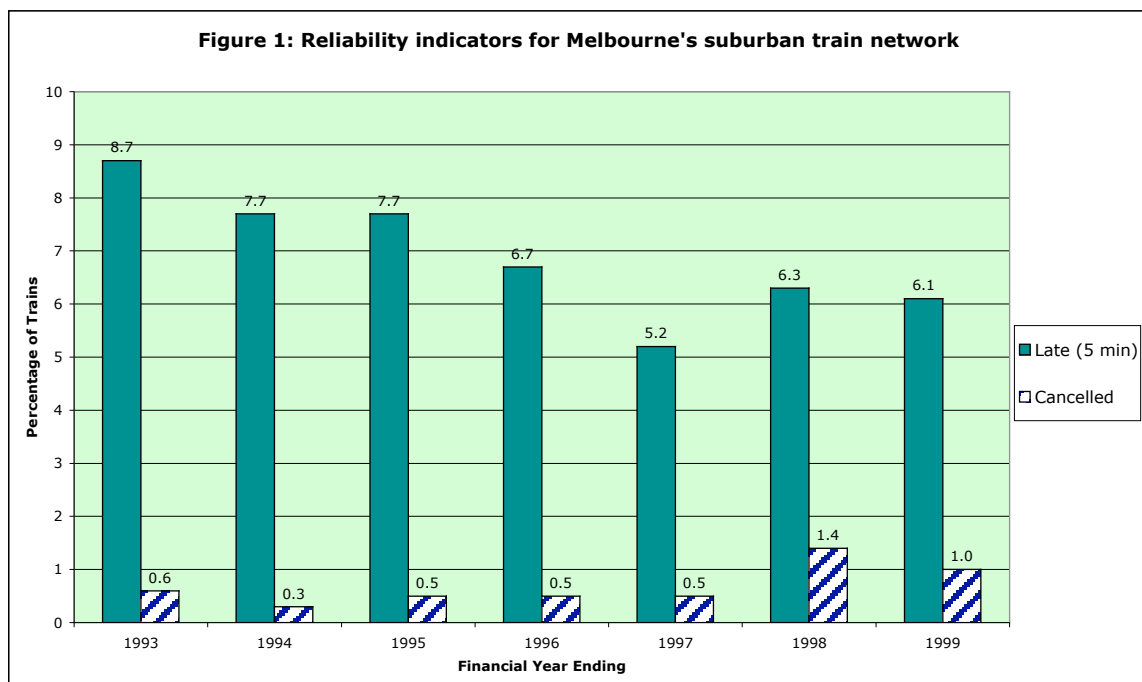
<sup>2</sup> Auditor-General, *Public Transport Reforms*, p. 41

government's reform initiative of the early 1990s have instead been largely lost.

This pattern contrasts with the claims of improved performance made by supporters of private operation including, significantly, the Director of Public Transport. The Director, who is supposed to be independently monitoring the private operators' performance on behalf of the public, has actually been releasing misleading figures that paint an over-optimistic picture of the performance since privatisation. This is a matter for serious concern.

### **Before privatisation (1993-97)**

Information on cancellations and late-running was provided in the annual reports of the Public Transport Corporation until 1997-98, and after that in the separate annual reports produced by Bayside Trains and Hillside Trains (see next section). The picture of punctuality in the mid-1990s is clearly one of continual improvement. Cancellation rates were consistently low, and the year-to-year trend in punctuality was unmistakably positive over the five years prior to 1997, the year in which the Kennett government announced its intention to privatise rail and tram services (see Figure 1).



### **Restructuring for privatisation (1997-99)**

In October 1997, the management of the suburban rail network was restructured, in preparation for privatisation. The previously-unified suburban rail system was broken in two, the resulting operating bodies being named Bayside Trains and Hillside Trains (following privatisation, Bayside Trains was renamed Connex and Hillside Trains became M>Train).

This restructuring caused an immediate sharp deterioration in the reliability of the rail system. The figures released at the time indicate that late-running increased by 20% between 1996-97 and 1997-98, while cancellations more than doubled (see Figure 1, two rightmost columns). A recovery from this disruption commenced towards the end of 1998-99, but overall figures recorded only a modest improvement for that year, the last full year of public operation of the train network.

The full privatisation of the suburban train service then ensued after this brief period of worsened service provision. Responsibility for the two train-operating businesses was transferred to privately-owned franchisees on August 29, 1999.

### **Change in service-performance measurement (1999)**

At the time of this transfer of responsibility, however, the service-reporting standards and measures were changed. In 1999 the definition of 'punctual' was relaxed by one minute (from five to six, i.e. a 20% easing of the measurement standard). This relaxation of standards flew in the face of the Auditor-General's report, which had recommended that standards be tightened, at least for peak services, to three minutes.<sup>3</sup> Interestingly, the standard proposed by the Auditor-General is the same as that employed by Perth's very efficient (public) suburban rail system, which requires 95% of services to arrive within three minutes of schedule.<sup>4</sup>

Responsibility for reporting on reliability was also transferred at this time, to the newly-established Director of Public Transport, but it is unclear whether the Director instigated the relaxation in punctuality standards. From this time, figures were also released quarterly instead of annually, via the Director's *Track Record* newsletter.

Consequently, the punctuality data released by the Director of Public Transport is not calculated on the same basis as it had been before privatisation. Direct comparison of the punctuality levels published by the Director of Public Transport for the years since privatisation with the annual figures released for the publicly-run service of the 1990s can thus only be misleading.

### **Since Privatisation (1999-2007)**

Figure 2 (next page) presents the data on cancellations and late-running for each quarter since privatisation. The first quarter, for the three months up to 30 September 1999, effectively represents the last period of public operation, since it covers 59 days of public operation and 33 days of private operation (it is unlikely that private operators made any significant changes during their

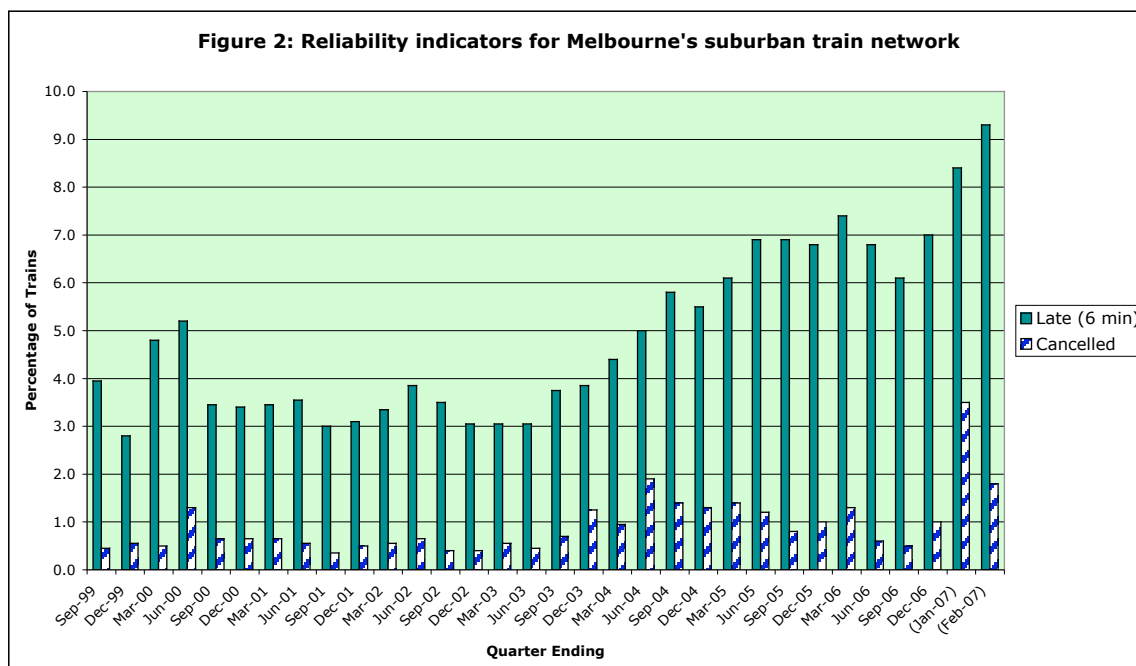
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<sup>3</sup> Auditor-General, *Public Transport Reforms*, p. 52.

<sup>4</sup> Public Transport Authority of Western Australia, *Annual Report 2005/06*, p. 65.

first 33 days).<sup>5</sup>

The overall picture is clear. The only significant and sustained trend during the period after privatisation is one of deterioration. This decline is especially evident in the period after full responsibility for the suburban rail service was accepted by the single operator, Connex, in April 2004 (after the withdrawal of National Express from the M>Train franchise).



Late-running consistently averaged below 4% for most of the first few years of private operation, but in 2003-2004 the situation began to worsen considerably. The proportion of trains running late more than doubled, from a consistent level of 3.2% in 2002-2003 to a sustained average of over 6.8% for the 2005-2006 financial year (see Figure 3, next page). The rate of punctuality failure has since remained at that level – the worst experienced since the new definition was introduced in 1999.

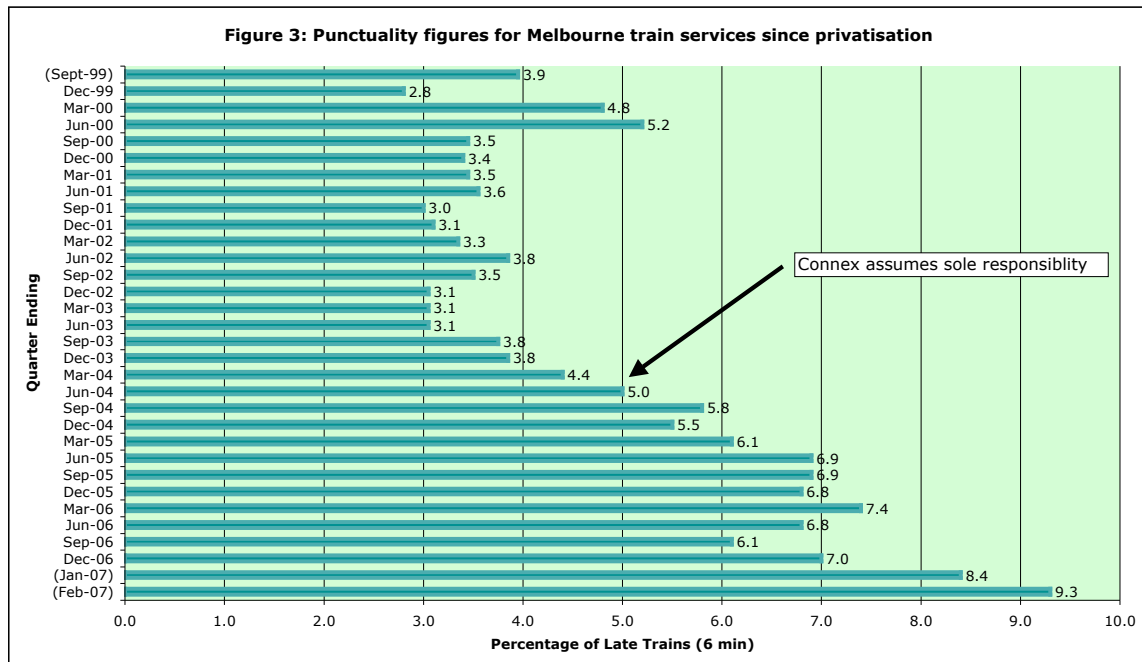
The situation with cancellations is just as bad, with cancellations running at an average rate of over 1.0% during the past 10 quarters, up from the average of just 0.5% consistently attained for the four years preceding Connex's assumption of full responsibility for Melbourne train services in April 2004 (see Figure 4, next page). There was some reduction in cancellations around the middle of 2006, but since that time the situation has deteriorated markedly culminating, in January 2007, with by far the worst figures recorded. And while cancellations declined during February 2007, the late-running figure increased

<sup>5</sup> Figure 2 omits data for the March and June 1999 quarters, which was provided in the first issue of *Track Record*, because it is unclear whether the old or new definitions of on-time running were used. In any event, these figures are included in the 1998-99 data shown in Figure 1.

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to a new worst result ever.

The average rate of train cancellations has remained over double the 0.5% level consistently maintained in the 1990s prior to the disruption to service which occurred at the time of operational restructuring in 1997-98. Timeliness has also proven consistently poor in recent years, although the change in punctuality measurement in 1999 makes direct comparison with previous figures difficult.

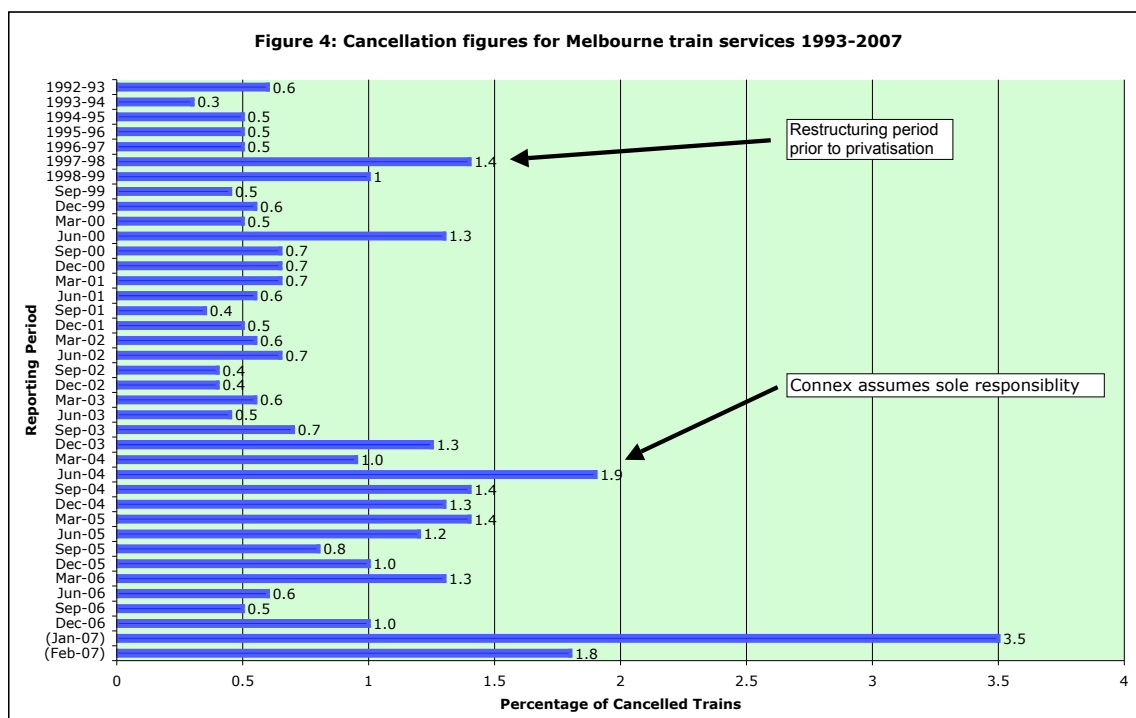


### Comparison of reliability before and after privatisation

The trends evident in the published performance data clearly indicate that the provision of suburban train services under Connex is now consistently and substantially worse than that experienced before privatisation. However, the Director of Public Transport has routinely presented comparative reliability figures to the public that appear to show a different picture. For example, *Track Record* Issue 27 (April-June 2006) contains two tables headed 'Financial year on-time performance' and 'Financial year cancellations' citing figures since 1998-99. Neither table informs readers that 1998-99 was an unrepresentatively poor year, and the footnote to the on-time performance table actually misstates the standard as within six minutes of schedule, when in fact the standard for 1998-99 was within five minutes.<sup>6</sup>

<sup>6</sup> *Track Record* 27, tables 2 and 4 (footnote on p. 9).

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These misleading comparative figures have been taken up in public commentary; for example:

- in 2002, Alan Moran of the Institute of Public Affairs cited figures supplied by the Director purportedly showing the share of late trains falling from 6.1% in 1998/99 to 3.3% in 2001/02, and cancellations falling from 1.0% to 0.5%<sup>7</sup>;
- in January 2007, *The Age* published a table headed 'Public Transport Performance: From Public to Private' containing figures, also supplied by the Director, comparing September 2006 performance with 1998/99<sup>8</sup>; again the result was an apparent improvement under private operation;
- in February 2007, the Director himself stated that "our tram system is at least 25% more punctual than it was in 1998 and even our ... train system was more punctual and reliable in 2006 than 1998."<sup>9</sup>

The Director's comparative figures are misleading on two key grounds: not only have punctuality figures been measured on a 20% less stringent definition of lateness since privatisation, but the figures from 1997-98 and 1998-99 only represent the reliability levels during two abnormally poor years (particularly in terms of cancellations), years when the rail service was being broken in two in preparation for privatisation. Instead, viewed from the more balanced and reliable perspective of sustained, overall trends, the provision of services has clearly worsened while Melbourne's train network has been operated by private franchisees.

<sup>7</sup> 'Kennett Transport Plan a Quiet Achiever', *Australian Financial Review*, 30/8/02.

<sup>8</sup> *The Age*, 31/1/07, p. 2.

<sup>9</sup> 'Truth and untruth', available from the website of the Australasian Centre for the Governance & Management of Urban Transport (GAMUT) [www.gamutcentre.org](http://www.gamutcentre.org).



## **Conclusion**

The Director of Public Transport continues to release figures to the public which suggest the service record of the franchisees is superior to that recorded for the publicly operated train system of the 1990s. The statistical basis of calculating service performance indicators changed in 1999, however, and the years of public service provision routinely provided for comparison by the Director of Public Transport are abnormally poor ones. Comparison of the service-provision record of the private operators with the performance levels achieved during the 1990s in this manner is tendentious and misleading.

Instead the service figures released by the Director of Public Transport for 1999-2007 plainly indicate that the provision of reliable and timely suburban rail services in Melbourne has substantially worsened since privatisation. The ongoing trend of improving service from the early-1990s has been exchanged for one of sustained deterioration, especially since Connex took over the whole system in April 2004.

These findings should be of concern to the community on two grounds. Firstly, Connex is seeking a renewal of its franchise and has foreshadowed that its demands will include a further relaxation of reliability standards: in other words, things are to get worse, not better. Secondly, the supposedly independent regulator, the Director of Public Transport, who has the job of advising the Minister for Public Transport whether Connex should have its contract renewed, has been continuously and consistently failing to perform his duties. Instead of informing the public (and presumably the Minister) of the deterioration in service reliability since privatisation, the Director has been painting a false picture of reliability improvements.