THE EFFECT OF THE BUS GRANT ON URBAN TRANSPORT

A Comment

By J. B. Naylor

In his article [1], Mr. Kerridge attempts to show that the 50 per cent bus grant has led to a too rapid introduction of rear-engined buses, which in turn has caused operators to convert services to one-man operation too readily. He then seeks to show that advantages to operators are illusory, and asserts that the trend towards OMO has been to the serious disadvantage of both users and non-users. No attempt is made to quantify the effect on these groups, and it appears that the author's main thesis is that the bus grant has forced operators to behave in a way that is non-optimal.

The arguments contain fallacies in two areas: first in calculating the effects and secondly in attributing these effects to OMO.

THE CALCULATION

Table 1 shows the cost comparison reworked. For clarity, none of the basic data in Kerridge's article is challenged.

Kerridge uses a figure of £4,620 for drivers' wages for OMO services, which includes a 20 per cent wage enhancement plus a 5 per cent allowance for lower productivity of the service. The lower productivity attaches to the bus and not to the driver and is allowed for under his heading D (average annual mileage). To include the 5 per cent here is to count the same thing twice. We thus reduce the OMO drivers' cost to £4,320.

The average annual mileage of a crewed front-engined bus is taken as 35,000, reduced by 5 per cent to 33,250 to allow for OMO. Kerridge further reduces these figures for rear-engined buses to 31,800 and 30,200 to allow for the 11 per cent extra buses required. Here again there is double counting, as the cost of spare buses is allowed for under A (standing costs). Labour and other running costs cannot be allocated to vehicles standing in a garage. If we take Kerridge's figure of average annual mileage for front-engined buses to represent the annual mileage per bus in operation (which is the same for both types of bus), we can then recalculate the figures for rear-engined buses.

It can be seen that, whatever the type of vehicle, conversion to OMO brings cost savings of the order of 20 per cent, whether or not the bus grant is taken into account. This makes conversion very attractive to any operator.

But it is correct to point out that the main problem is that operators have had to

TABLE 1

Operating Costs

	Pence per seat mile		*As % of cost of crewed front-engined bus*	
	Kerridge	*Revised*	*Kerridge*	*Revised*
Front engine				
OMO	0·30	0·29	78·9	76
Crew	0·38	0·38	100	100
Rear engine without grant				
OMO	0·36	0·32	94·7	84
Crew	0·44	0·40	115·8	106
with grant				
OMO	0·32	0·28	84·2	75
Crew	0·40	0·37	105·3	98

introduce rear-engined buses before they could convert. Kerridge argues that, were it not for the grant, operators would have continued to operate busy services with the more reliable and cheaper front-engined bus complete with crew, as the cost saving would be a mere 5 per cent—easily swallowed up by other effects.

The reworked figures demonstrate that the savings to the operator through conversion to OMO are higher than this—25 per cent with the grant or 16 per cent without it. These savings are not small.

ATTRIBUTION OF EFFECTS

The change to rear-engined buses has not been technically successful. The lower reliability of the new fleets means higher maintenance costs and the need to provide more spare buses. But in order to make a balanced judgement of the long-term value of OMO one must assume that this reliability will improve in the same way as that of the front-engined bus has done. There may well be certain features of the layout which make it inherently more troublesome, but some substantial improvement is to be expected. Table 2 shows the effects of such improvement.

Kerridge assumes a 10-year life for rear-engined buses compared with 12 years for front-engined ones. In Table 2 we take 12 years as a reasonable target figure for both types, while still allowing the capital cost of the rear-engined bus to be higher at £10,000.

Reliability and spares supplies should improve, and this will allow the numbers of spare rear-engined buses to fall to the normal 9 per cent. Maintenance costs should fall: a target figure of 125 per cent of front-engined bus maintenance costs is assumed to allow for the greater complexity of design. There is no precise justification for this, but it should be noted that the result is not very sensitive to the choice.

TABLE 2

Operating Costs when Reliability Improved

	Pence per seat mile	*As % of cost of crewed front-engined bus*
Rear engine		
without grant		
OMO	0·30	79
Crew	0·38	100
with grant		
OMO	0·27	71
Crew	0·36	94

Table 2 illustrates a point that should be very clear: that the overwhelming cost in bus operation is labour cost, and changing to OMO has a much greater effect than the bus grant or any improvement in performance.

Beesley [2] has written that one good reason for subsidy in urban transport is to encourage innovation and to aid operators in overcoming the teething troubles of new technology. While this may not have been the intention behind the bus grant, it can be seen that the grant is just about counteracting the effects of increased unreliability of rear-engined buses (Table 1).

There seems to be a good case for continuing the grant until such time as the reliability of new buses is improved. The operators will then have fleets with more or less the same costs as before, but suitable for either one-man or crew operation (Table 2).

THE CONSUMER'S VIEW

Kerridge rightly paints a gloomy picture of the way the consumer has been affected by the change to OMO. This especially applies to the physically disadvantaged.

It is suggested that the absence of a conductor allows the driver to drive more violently without criticism. On the contrary, the driver has been brought into the main part of the vehicle and can now be subjected to more direct criticism from the passengers. (Or does this sort of thing only happen in Liverpool?) It would seem that the answer to the problem of declining standards is not to bring back the conductor but to use some of the cost saving due to OMO to improve the comfort of the buses and bus stops, to increase the frequency of service or (even more important) to invest in forms of central control that can improve the regularity of running.

CONCLUSION

Rear-engined buses are currently less reliable than the fleets they have been replacing. Even though not intended to do so, the bus grant corrects for the increased cost of this unreliability.

Conversion to one-man operation is attractive to operators, with or without the grant. Operators should examine whether the introduction of OMO services has

already gone too far; some services should be crewed, especially during busy periods. The bus grant has enabled operators to build up fleets which can be operated flexibly to achieve this objective.

REFERENCES

[1] Kerridge, M. S. P.: "The Effect of the Bus Grant on Urban Transport." *Journal of Transport Economics and Policy*, September 1974.

[2] Beesley, M. E.: "Economic Criteria for the maintenance, modification or creation of public transport services which may not necessarily be profitable." *Fourth International Symposium on Theory and Practice in Transport Economics*, The Hague, 1971.