

Submission to Independent Pricing and
Regulatory Tribunal: Review of rural and
regional bus fares from 1 January 2018

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 76 branches and affiliated organisations with a combined membership of 26,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents.

CPSA welcomes the opportunity to respond to the draft report released by IPART as part of the Review of rural and regional bus fares from 1 January 2018. This submission details CPSA's concerns with a number of the draft recommendations. However, it should be read with an understanding that on the whole, CPSA is very supportive of IPART's Draft Report, which centres on the need to improve value for money for rural and regional bus patrons. In particular, CPSA welcomes IPART's draft decisions to reduce maximum fares for most journeys and introduce daily fare caps.

CPSA acknowledges that delivering public bus services in rural and regional NSW is more expensive per person than in metropolitan areas due to the fact that there are fewer passengers and journeys tend to be longer overall. On top of that, people living in rural and regional areas tend to have lower average incomes than those living in metropolitan areas which reduce their capacity to pay for public transport services.

However, public transport plays a key role in supporting the physical and mental health and wellbeing of individuals, enabling people to access essential services and to remain active and engaged with their communities. This becomes increasingly important for people as they age, particularly for those who have ceased driving in rural and regional areas. Accordingly, CPSA calls on IPART to give more weight to the social and economic benefits that affordable and accessible bus services would deliver to rural and regional residents, rather than the pressure to recover costs of service provision.

Recommendation 1: That service delivery decisions should be centred on the benefits to people, particularly vulnerable people, rather than on cost recovery.

Equity and efficiency of fares

CPSA welcomes the draft recommendation to set lower maximum fares. The current prices of rural and regional bus fares are having a detrimental effect on the affordability of public transport, particularly for low income households. Given that people living in rural and regional areas tend to live on lower incomes and low income households spend the majority if not all of their money on essential goods and services, demand for bus services is price sensitive. Reducing the price of bus fares will make travelling between towns more accessible providing low income households with more opportunity to access services, visit friends and family in neighbouring towns, as well as take up work or look for work in neighbouring areas with more ease. The benefits delivered to rural and regional NSW residents through reducing the cost of bus services are significant.

5.3 Draft decision not to introduce a weekly fare at this time

Section 5.3 of the draft report explains IPART's decision not to introduce a weekly fare cap. CPSA acknowledges that some operators offer discounts and weekly price caps for their users, however, introducing a weekly cap, equivalent to the OPAL network would have multiple benefits. Firstly, this would benefit not just customers that take a large number of journeys, but also customers that take longer journeys. This would incentivise frequent bus customers to use a bus instead of other modes of transport for more of the trips they are planning to make and for the longer trips where they would have otherwise driven. Secondly, this would enhance the equity of the service in comparison to the OPAL network and reduce the financial barrier to commuting in rural and regional NSW.

Public transport including bus services are essential services and a weekly cap would make regular commuter travel more affordable, increasing the incentive for more regular use. Accordingly, CPSA recommends the introduction of a weekly cap equivalent to that applicable under the OPAL network.

Recommendation 2: That rural and regional bus services should have a weekly fare cap to make regular and long distance travel more affordable.

11.3.1 Some consider the RED ticket and Gold Opal should be mutually recognised across the Opal and rural and regional areas

The intent of the RED ticket and the Gold Opal are concurrent. They both intend to assist eligible customers to access all day unlimited public transport for a capped fare of \$2.50. For many eligible customers this is the case. However, there a number of customers who are disadvantaged by this system. Pensioners who live in areas where they have to access the OPAL network as well as rural and regional buses to travel around their local areas have to pay up to \$5.00 for access to public transport.

In Lithgow and Bathurst, a failure to integrate OPAL enabled rail services and independently contracted public bus services has meant that customers are being charged twice when using both bus and rail services in a single journey. For example, a pensioner travelling via public bus from their house in Lithgow to the train station is charged \$2.50 for a Regional Excursion Daily ticket and then charged another \$2.50 on the OPAL system once they get on the train. This is not a significant distance and for

Sydney-based pensioners it would cost \$2.50 to travel this far. Pensioners living regionally are disadvantaged by the lack of integrated public transport fare structures.

Recommendation 3: That rural and regional bus fare structures are integrated with the OPAL network, so that customers are not charged twice on a single journey.

11.2 RED ticket prices should be adjusted in line with CPI

IPART has recommended that the RED ticket price be adjusted in line with CPI, which would increase the price of the ticket by 10 cents each year for the next three years. CPSA is concerned that this will create a two tiered system. With pensioners in the OPAL network only paying a maximum of \$2.50 for public transport and pensioners in rural and regional areas paying a different rate for public transport. This disadvantages pensioners living in rural and regional NSW, who have the same right to access public transport as those who live in the city. CPSA urges that rural and regional bus fares should be set at parity with OPAL public transport fares.

Additionally, there are in fact a number of government rebates available to pensioners that remain unindexed. For example, the Council Rates Rebate for pensioners has been set at a maximum flat rate of \$250 since 1993. Until rebates such as this are increased to reflect price increases, pensioners should be able to enjoy the one concession where this works in their favour.

Recommendation 4: That the RED ticket be set at parity with the Gold Opal card which is subject to a fare freeze at \$2.50.

Quality of service

The bus services available to people living in rural and regional NSW tend to be less frequent and less convenient than those available to people living in metropolitan areas. There is a real need to improve the quality of bus services available in rural and regional NSW in order to encourage more people to use the services provided.

6.3 Recommendations on improving efficiency of contract costs over time

Accessible public transport has flow-on effects that benefit the entire community, over and above improving the mobility of low income individuals. The ability for people to remain active, especially if they don't have access to a car, enables them to contribute to their communities, which is particularly important for regional residents. The social and economic benefits of accessible public transport systems are broad and can't always be measured in economic or efficiency terms.

CPSA acknowledges the importance of collecting better information about bus routes and reviewing bus size, makes and models to improve the cost-efficiency of delivering rural and regional bus services. However, cost-efficiency cannot be considered above the obligation to provide the essential service of public transport to people in rural and regional NSW. Bus routes with low patronage must not be abandoned on the grounds of cost-efficiency.

In fact, as IPART's online questionnaire revealed, to improve the quality of bus services in rural and regional locations and assist vulnerable people who rely on public transport there needs to be more regular bus services, outside of business hours and on weekends¹. CPSA notes that access to public transport in the evenings and on weekends is a major issue in many rural and regional areas, compounded by the limited availability and affordability of point to point transport options like taxis.

Recommendation 5: That more regular bus services are provided in rural and regional areas despite the potential for low patronage and lack of cost-efficiency.

7.2.2 Services must be well-targeted to address an identified community need

CPSA welcomes the investigation of improving bus services through providing on demand service options. This has the potential to make rural and regional bus services more accessible as well as increasing bus patronage.

When considering how this will be delivered, it must be acknowledged that not all customers have access to the internet, mobile phones and some people may be hesitant about using their credit cards to pay for the service. Older people and low income households are overrepresented in the offline community and their needs must be

¹ IPART (2017) 'Maximum fares for rural and regional bus services' pp. 17

considered when making decisions about how on demand services should be paid for and booked. On-demand services that rely solely on the internet or smart phones will compound the disadvantage experienced by those people who are offline and don't use apps on their mobile phones.

Recommendation 6: That there is an option made for on-demand bus services to be booked and paid for without having to use the internet and or a smart phone.

7.5.1 Reduced surcharges should be available to concession passengers

CPSA is supportive of IPART's recommendation that on demand bus operators should make reduced surcharges available to concession passengers. This would help to reduce the potential disadvantage that on demand services may inflict upon people who are unable to afford this additional service.

CPSA calls for further detail around how concession surcharges will be calculated and monitored for on demand services in planned trials.

Conclusion

CPSA welcomes many of the draft decisions made by IPART and thanks you for considering the issues raised in this second submission. CPSA urges IPART to prioritise customer affordability and broader social benefit when putting together the final report on rural and regional bus fares and services. The delivery of public transport services in rural and regional NSW is never going to be a highly profitable endeavour; however the benefits generated for communities through the provision of these services are immense.