

Independent Pricing and Regulatory Tribunal

Review of Rural and Regional Bus Fares 2021 – 2025

Submission to the Draft Report

October 2020

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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's aim is to improve the standard of living and well-being of its members and constituents.

CPSA receives funding support from the NSW Government Department of Communities & Justice and the Australian Government Department of Health.

CPSA welcomes the opportunity to respond to the Draft Report released by IPART as part of the Review of Rural and Regional Bus Fares 2021 – 2025. This submission responds to the draft maximum fares for regular routes from January 2021, on-demand services and the availability of concession fares and discounts.

Draft maximum fares for regular route services from January 2021

What is evident from reviewing IPART's Draft Report is that there is a clear attempt to make fares for regional and rural bus fares more affordable and easier to understand. The proposed reductions in fares, in some instances, are quite substantial such as the proposed daily ticket fare for travelling within the furthest distance band. This fare will see adult customers who are travelling in 2021 saving 71 per cent when compared with 2020 prices.

Another positive proposal is the \$5 daily ticket for fare bands 1 and 2. For this price an adult can travel up to 8km, whilst concessions will be charged a half fare of \$2.50. This means NSW Transport concession card holders will be able to travel around town on a bus for the same price that Gold Opal Card holders enjoy in metropolitan Sydney. Although this is a significantly positive proposal, CPSA still strongly suggests that concession card holders become eligible for the Regional Excursion Daily (RED) ticket.

Many concessions card holders will have to travel beyond this 8km distance including people who live out of town and have to travel a far distance into town for medical appointments or grocery trips, or to fulfill the mutual obligations of an income support payment. For example, JobSeeker Payment recipients must travel to complete volunteer work or attend job interviews as part of their mutual obligations. According to data obtained from the Australian Bureau of Statistics (ABS) ¹ the average commute to work in regional and rural NSW² was 21.67km in 2016³. This would mean on average, JobSeeker Payment recipients fulfilling their mutual obligations would have to travel beyond fare bands 1 and 2, if travelling by bus they will pay more than \$2.50 for a journey.

¹ Australian Bureau of Statistics. (2018). Census of Population and Housing: Commuting to Work - More Stories from the Census, 2016. [Data cube]. Census of Population and Housing: Commuting to Work - More Stories from the Census, 2016. <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/2071.0.55.0012016?OpenDocument>

² The Restart NSW definition of rural and regional NSW was applied – “outside the metropolitan areas of Sydney, Newcastle and Wollongong”. See here: <http://www.infrastructure.nsw.gov.au/restart-nsw/>

³ The median was 10.31km. *Data was unavailable for Dubbo Regional Council or Cootamundra-Gundagai Regional Council.

Draft maximum fares for on-demand services

CPSA understands that on-demand services offer convenience and flexibility in comparison to fixed route services. However, CPSA is of the opinion that few older people will take up the on-demand option if there are cheaper transport options available. In addition to this if an on-demand service replaces a fixed route service a customer should not be required to pay a premium for a service, they were already using.

CPSA also strongly suggests that on-demand services are bookable via telephone and take cash payments. Older people and people with disability are the most excluded cohorts from digital resources in Australia⁴. CPSA appreciates IPART's clear mention of people who belong to this cohort in the Draft Report and hopes that future on-demand bus services remain available and accessible to all people. If on-demand services were only available via an app or only in an online format, then uptake by older people and people with disability will be considerably less than if phone services and cash options are made available.

Recommendation 1: That on-demand bus services are available to be booked over the phone and paid for with cash.

Draft recommendations on the availability of concession fares and discounts

CPSA supports the use of the Commonwealth Health Care Card to prove eligibility for concessional travel rates. This is an innovative solution to issues experienced by people not on the full rate of income support payments or people with sporadic employment who may find themselves in and out of eligibility for concessional transport. CPSA commends IPART for recommending this solution.

⁴ Thomas, J, Barraket, J, Wilson, CK, Holcombe-James, I, Kennedy, J, Rennie, E, Ewing, S, MacDonald, T. (2020). Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2020, RMIT and Swinburne University of Technology, Melbourne, for Telstra.

Although the proposed use of the Commonwealth Health Care Card is welcomed there are still vulnerable people who need additional assistance. CPSA suggests that all concession card holders should become eligible for the RED ticket. To canvass the vulnerability of some people in regional and rural area, CPSA would like to highlight that people aged 55 and over who are in receipt of the JobSeeker Payment were the largest and most enduring group of people in receipt of the JobSeeker Payment before the COVID-19 pandemic. A recent Parliamentary Budget Office (PBO) report on the JobSeeker Payment said, “The rise of long-term and older recipients is likely to continue irrespective of short-term fluctuations in unemployment”⁵. For older people, the JobSeeker Payment has become a pre-Age Pension that forces unemployed people to wind down their savings, live on low fixed incomes before finally becoming eligible for the Age Pension.

To ensure that concession card holders maintain their health, remain socially active and can comfortably fulfill mutual obligations, they should be able to access cheap transport fares when travelling outside their own town. Although the measures proposed by IPART will no doubt be beneficial, CPSA is of the opinion that more should be done to safeguard the wellbeing of people on very low incomes, and we think this can be done by opening up the RED ticket eligibility to all NSW Transport concession card holders.

During the online public hearing hosted by IPART, CPSA was asked if it thought the RED ticket should move from an eligibility system based on age to a means tested eligibility system. CPSA would not like to see anyone lose a concession so it would not wish the eligibility requirements altered in a way that results in people becoming ineligible for a concession for which they are currently eligible. However, as it was

⁵ Parliamentary Budget Office. (2020). Jobseeker Payment: Understanding economic and policy trends affecting Commonwealth expenditure.

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Publications/Research_reports/JobSeeker_Payment

pointed out above there are people, such as JobSeeker recipients, that require more support than is currently provided. For example, older people who receive a part pension and people on a very low fixed income may lead very different lives at the same time experiencing similar challenges. Older people may lose confidence in driving whilst younger people on low, fixed incomes may not be able to afford the upkeep of a private vehicle. Unaffordability of travel can be a huge factor in contributing to the social isolation of both cohorts. This being said, why should a choice between a means test and an age-based approach to the RED ticket eligibility have to be made? CPSA is of the opinion that the use of both measures would enable people with great levels of transport disadvantage fairer access to regional and rural bus services.

Recommendation 2: That eligibility for the RED ticket be expanded to include all current concession card holders.