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Submission: Dear Sir/Madam, please find attached the file IPART Submission November 2017.pdf (my submission). If you wish to discuss anything contained in my submission, please do not hesitate to contact me. Kind regards.

Submission to IPART

Maximum fares for rural and regional bus services

November 2017

Introduction

This document has been prepared after IPART encouraged all interested parties to provide submissions relating to its draft report into the maximum fares for rural and regional bus services. Throughout the document, IPART's decisions, recommendations and findings have been presented in blue text, with a short response to these (e.g. agree, do not agree) and where appropriate, comments supporting this stance. A number of recommendations have also been made, and these are listed below.

Recommendations

1. That IPART introduce return and daily ticket types, both immune to the transfer penalty.
2. That IPART require TfNSW to implement either cross border recognition of tickets or a common ticketing system in the Queanbeyan-Yass-ACT area, in a similar way to that proposed for the Albury-Wodonga area.
3. That IPART acknowledge that subsidised public bus services in regional and rural NSW do more than just "ensure people with limited transport options have reasonable access to their local communities".
4. That IPART re-evaluate the external benefits associated with these services, and, if appropriate, adjust the maximum fares following this.
5. That IPART recommend that TfNSW implement Opal ticketing on all regional and rural buses contract areas servicing Opal enabled railway stations.

Draft Decisions:

1. The maximum adult fares for single journeys be set as shown in Table 1.1.

Support.

These fares appear to represent a sensible balance between generating demand and passengers contributing a fair share of operating costs. Setting fares as proposed for distances up to 25 km is likely to drive demand for short trips (e.g. predominately within built up areas) while fares proposed for up to 60 km may encourage discretionary travel for longer trips (e.g. Wellington to Dubbo, Junee to Wagga), provided the frequency of services is sufficient to make the bus a viable alternative to other modes of transport.

IPART's decisions to reduce the number of fare bands and to set the determination period at three years are also supported. Given the significant changes to the fare structure, as well as the potential for service provision to be radically different within three years, a longer determination period is not considered desirable.

2. The maximum adult daily ticket be set as shown in Table 1.2.

Support.

The introduction of a daily ticket to promote discretionary travel is supported. As part of its motivation for introducing daily tickets, IPART suggests that these, by being accepted by operators in “surrounding regions” (inter-operator transfers) can overcome the transfer penalty.¹ The inter-operator acceptance of tickets would be of significant benefit to some people. Two situations where elimination of the transfer penalty could be beneficial have been identified:

- 1) where passengers must use two (or more) services operated by different operators to complete their journey (e.g. a passenger travelling from Balmoral to Tahmoor).
- 2) where there is an overlap of services provided by different operators (e.g. in the Buxton to Picton corridor, where both Berrima Buslines and Picton Buslines operate).

In the second situation, a person would need to intend on taking at least three trips during a day to draw benefit from IPART's proposal. However, depending on how transfer fares are implemented between operators, benefit may be drawn for an ordinary return journey in some circumstances. An example journey from Thirlmere to Narellan will be used to illustrate this point.

Assuming no inter-operator transfer arrangements, if a person commences their journey at Thirlmere on an 828 (Berrima Buslines) service and travels to Picton (approximately 8 km, 2–10 km fare band), then boards a 900 (Picton Buslines) service and travels to Narellan (approximately 26 km, 25–40 km fare band), they would be charged \$10.60 (\$3.40 + \$7.20) in 2018. However, if they could purchase a ‘through’ ticket, they would only pay \$7.20 (approximately 36 km, 25–40 km fare band). To complete the return journey, again changing bus operators at Picton, the cost would increase to \$21.20 (2 × \$10.60). At this point, even though the person only intends on conducting two trips, they would be better off buying a daily ticket as this would only cost \$16.70 (2 × \$7.20 + \$2.30) This is contrary to IPART's stated goal of the daily ticket, that is, encouraging additional discretionary travel through elimination of the transfer penalty.² In this case, the transfer penalty is \$6.80 (2 × \$3.40), approximately 47 percent the cost of two 25–40 km fares.

¹ IPART (October 2017), Maximum fares for rural and regional bus services, Draft Report, page 39

² IPART (October 2017), Maximum fares for rural and regional bus services, Draft Report, page 37

Despite being contrary to IPART's goal, there does not seem to be any good reason to prevent the above theoretical passenger from also benefiting from elimination of the transfer penalty. These services are provided on behalf of the government, and passengers should not be penalised because the government has decided to contract out services to different entities (for example, passengers are not penalised for changing from Sydney Trains to NSW Trains services in New South Wales, or from Metro Trains to V/Line in Victoria).

Even if it was deemed desirable to enforce the transfer penalty in this case, there does not seem to be any practical way to prevent passengers making the above, or similar, journeys from purchasing daily tickets and only making two trips (thereby partially defeating IPART's goal of the daily ticket, and beating the transfer penalty). Passengers could make additional savings through the introduction of a dedicated return fare type, at no more than twice the price of a single journey and recognised across operator boundaries (i.e. immune to the transfer penalty). In the case of the Thirlmere–Narellan return journey, an additional \$2.30 could be saved compared to buying a daily ticket. It is noted that some operators already issue return tickets, costing less than twice the single fare.³

The proposed return fare type would also benefit people in situation two above (where multiple operators service the same corridor) by allowing passengers to simply buy a ticket when first boarding, and then being able to board the first return service when returning. By only having to purchase one ticket to complete a return journey, passengers will save time and hassle. With the ticket being recognised by all operators along the corridor, greater choice of service is realised. Both of these can combine to make the bus a more attractive option, which in turn is likely to lead to greater patronage.

Difficulties in implementing the proposed return and daily ticket types lie in providing drivers with enough information to ensure that correct fare is charged when purchasing these types (e.g. drivers will need to know, or be able to quickly access, information about route distances to locations in other operators' territories). The provision of 'cheat sheets' or some other solution should be able to solve this.

Additionally, education campaigns may be required to educate the public on the differences between ticket types. As return and daily ticket types were previously used in paper form on the railways, and there are many different fare permutations possible with Opal ticketing, there does not seem to be any insurmountable problem to introducing these ticket types.

A potential third situation where elimination of the transfer penalty could benefit passengers was identified, namely where a bus ticket is purchased in one area, the person then travels by some mode other than bus to another, non-adjacent, contract area (e.g. by train) then completes the final leg of their journey by bus. It does not appear to be IPART's intention that the ticket would apply in these situations (they are not "surrounding regions"), and it is not felt appropriate that the ticket apply in these situations.

Should the community identify the demand for such journeys on a regular basis, consideration should be given to the development of some sort of regional day trip ticket. Such tickets could potentially allow unlimited bus travel within the start end end contract regions, and a specified, or even unlimited, number of journeys on the connecting transport mode. While having the potential to make the ticketing system slightly more complex, such regional tickets would only need to be explained to, and marketed at, a relatively small number of people in specific geographical areas.

Recommendation:

1. That IPART introduce return and daily ticket types, both immune to the transfer penalty.

³ <https://www.transborder.com.au/fares-sections> (accessed 12 November 2017)

Draft Recommendations:

1. TfNSW require bus operators to report annually on patronage by IPART's proposed new fare bands, and by service kilometres and dead running kilometres by route, on a consistent basis across all operators.

Support.

To ensure maximum value for money for taxpayers, this information should also be made publicly available.

2. TfNSW require bus operators to report annually on costs incurred to provide the services, and TfNSW define clearly what cost items operators should include in each cost category.

Support.

3 TfNSW review the reported patronage of bus services to determine whether the size of the bus allocated to routes is appropriate. This review should occur when:

3.1 A bus operator seeks to replace a new bus under its existing contract.

3.2 Bus utilisation over a six-month period is less than 10%. In this instance, TfNSW should require operators to demonstrate why they need to maintain the current bus size.

Support all points.

4. When a bus operator seeks to purchase a more expensive bus from the procurement panel, TfNSW require the operator to demonstrate that the benefits exceed the costs over the life of the bus.

Support.

5. TfNSW consider extending the maximum service life of buses under the contracts to better match the duty, distance travelled and useful life of buses in rural and regional areas.

In principle support.

Maximum service life of buses, and average fleet age, combine to act as a proxy for safety and comfort; the general rule of thumb being newer vehicles are more comfortable and safer than equivalent older vehicles. While recognising that the useful life of a bus in rural and regional areas may be longer than that for the same bus used in a suburban area, unless the rural bus is regularly upgraded and refurbished, it is likely to provide a passenger experience, and safety, below that which is expected by the travelling public. As such, caution should be exercised when increasing the maximum service life for rural and regional buses. It may be fine to keep a bus in service for longer, as long as the safety systems are regularly upgraded to keep up with those fitted to new buses, and the interior is upgraded to provide a good passenger experience in line with that of (but not necessarily identical to) new buses.

6. *Bus operators be able to charge customers who book an on demand service a surcharge of between \$0 and \$5 (including GST) on top of the fixed route fare.*

6.1 *Bus operators should set the level of surcharge based on customers' willingness to pay, the likely impact of the surcharge on the level of demand, and the likely impact of the design of the on demand component and its impact on the additional delivery costs.*

6.2 *Bus operators should make reduced surcharges available to concession passengers.*

Support all points.

7. *In the short term, TfNSW use the framework (Box 8.1) to identify the contracted bus services that provide relatively low value for money and negotiate with bus operators to vary these services to deliver a better service to customers, without increasing existing contract costs.*

Support.

8. *Where a need for additional transport services in rural and regional areas is identified in the short term, TfNSW seek competitive tenders to provide the additional services to ensure the least cost transport solution is provided.*

In principle support.

This method of approach risks fragmentation of services within geographical areas, with the potential pitfall that users of multiple services will need to pay fares to multiple operators (e.g. the on demand operator to access the city centre, then the bus operator whilst travelling around the city). In keeping with the goals of IPART's proposed daily ticket, any tender process should ensure that transfers between existing and additional services can occur without fare penalty. If this is not possible, any tender process should give consideration to the inconvenience value that would result from fragmentation.

9. *TfNSW seek proposals from the market when procuring transport services to operate in rural and regional NSW from 2024. This should include inviting proposals for innovative transport service models that provide improved transport services and greater flexibility to meet the community need at least cost.*

In principle support.

Any mix of transport services should avoid customer facing fragmentation, especially fare fragmentation. This concern is explained in more detail in the response to recommendation 8 above.

10. *TfNSW and Surfside Buslines:*

10.1 *develop and pilot an on demand booked transport service to provide a higher level of service for travel in peak times (7-9 am and 4-6.30 pm weekdays) in the Tweed area*

10.2 *evaluate the cost-effectiveness of this service after six months to decide whether routes continue to be provided as fixed routes or converted into further on demand services.*

Support both points.

11. TfNSW require operators in the Albury/Wodonga area to adopt ticketing systems that:
- 11.1 allow passengers to purchase a single ticket for their entire journey across both operators' service areas including across the border, and
 - 11.2 facilitate sharing of fare revenue between each operator and Public Transport Victoria.

Support both points.

While IPART expressed doubt about the benefits of integrated ticketing systems on the NSW/ACT border outweighing the costs,⁴ it is felt that an integrated ticketing system should be introduced in this region, and extended to users of the Transborder Express services from the Yass region. Users of both the Transborder Express and the QCity Transit services face some difficulty when attempting to move about within the ACT. On certain days of the week (weekdays), QCity Transit services 831 and 834 cannot be used for journeys wholly within "the Canberra area".⁵ This potentially reduces the value of daily tickets for QCity Transit users.

The problems facing Transborder Express users are far more significant. The Yass to Canberra (981 and 982) services are geared primarily to convey people to Canberra in the morning, and return them to Yass in the afternoon. There are no inter-peak services. Effectively this means that once a passenger leaves a bus in the ACT, they are either stuck there until the afternoon return services commence running, or need travel with another bus operator or use another mode of transport. There would be very little scope for use of the proposed daily ticket type.

If there was a common ticketing system in Yass and the ACT (and Queanbeyan), a person could travel from Yass, then travel around Canberra and the ACT, before returning, with only one ticket. This is likely to encourage higher patronage, and especially higher discretionary patronage.

Cross recognition of tickets already exists in this area for residents of Oaks Estate.⁶ Whilst this represents somewhat of a special case (ACT residents being serviced by a NSW bus service), it shows that there is a willingness to engage in cross border transport solutions. With this existing framework, and both NSW operators being a part of CDC, it may be possible to achieve a cross border solution at lower cost than in other areas (such as the Albury-Wodonga and Tweed areas).

Recommendation:

2. That IPART require TfNSW to implement either cross border recognition of tickets or a common ticketing system in the Queanbeyan-Yass-ACT area, in a similar way to that proposed for the Albury-Wodonga area.

12. TfNSW extend concessions to NSW residents attending secondary school, TAFE, VET or university located within 50 km of the border as full time, on-campus students.

Support.

13. TfNSW reimburse the Queensland Government, Victorian Government, ACT Government or relevant bus operator for the difference between the concession fare and the single adult fare for those NSW residents travelling on a concession ticket attending secondary school, TAFE, VET or university located within 50 km of the NSW/Queensland, NSW/Victoria and NSW/ACT borders as full time on-campus students.

Support.

4 IPART (October 2017), Maximum fares for rural and regional bus services, Draft Report, page 91

5 <https://qcitytransit.com.au/timetables-h/bus-maps-h> (accessed 12 November 2017)

6 <https://www.transport.act.gov.au/routes-and-timetables/rural-services/oaks-estate-residents> (accessed 12 November 2017)

14. TfNSW negotiate with the relevant secondary school, TAFE, VET or university in Queensland, NSW and ACT to facilitate the processing of student travel concession applications.

Support.

15 When seeking proposals from the market in cross border regions from 2024, TfNSW should ensure that:

15.1 service levels meet the need for connectivity to transport links across borders

15.2 tickets cover travel across borders, and

15.3 administrative arrangements facilitate sharing fare revenue with state jurisdictions.

Support all points.

16. TfNSW adjust the price of the RED ticket as indicated in Table 11.1.

Support.

Draft Findings:

1. The purpose of providing subsidised public bus services in rural and regional NSW is to ensure people with limited transport options have reasonable access to their local communities.

Do not agree.

IPART's draft finding is only partially endorsed. Providing subsidised public bus services in regional and rural NSW to promote inclusion within the local community is only one role public buses can play in the area. IPART argues that the review areas are largely unaffected by traffic congestion and that it makes little difference to the wider community whether people take a bus or drive. Additionally, IPART contends that it is unlikely that subsidising regional and rural buses will result in savings from other areas of government spending.⁷ These findings are challenged.

Wingecarribee Shire Council recently justified the Station Street Upgrade as providing "future traffic capacity for the Bowral town centre."⁸ Traffic is perceived to be "very congested" and "congested", especially during the peak, in Wagga Wagga.⁹ One Wagga taxi driver has even claimed that traffic congestion in Wagga Wagga is so bad that it isn't worth his time servicing some suburbs during peak hour.¹⁰ Amplification of some roads and bridges has been suggested, particularly to link the town centre with Charles Sturt University and the suburb of Estella.¹¹ Increasing traffic has also been flagged as an issue in the Albury area.¹² Increased utilisation of public transport in the Albury–Wodonga area has suggested as a way to reduce traffic.¹³

While acknowledging that IPART's modelling suggests that travel times during the peak in Wagga Wagga only increase by 1–2 minutes (an increase of 10–20 percent over the base travel time),¹⁴ residents of the above mentioned areas are likely to highly value reduced traffic congestion. Reduced traffic congestion could be achieved through a modal shift to public transport (and associated reduction in private vehicle use). By using the road network more efficiently, the need for potentially expensive road amplifications could be deferred or avoided entirely.

The above examples show that traffic congestion (whether real or perceived) in regional and rural areas is a significant concern to residents of these areas. Providing efficient and reliable public transport in these areas could allay the concerns of residents and potentially defer or reduce government spending. Additionally, these services have the potential to make rural and regional centres more accessible to tourists. It is also noted that some bus services in rural and regional NSW are specifically marketed as "workers services".¹⁵ As such, it is argued that providing subsidised public bus services in rural and regional NSW serves many roles. IPART is likely to have underestimated the external benefits associated with public transport in these areas.

7 IPART (October 2017), Maximum fares for rural and regional bus services, Draft Report, pages 20–21

8 <http://www.yoursaywingecarribee.com.au/SSU/faqs> (accessed 11 November 2017)

9 http://wagga.nsw.gov.au/_data/assets/pdf_file/0019/40582/SpeakOut_FINAL_160316.pdf (accessed 11 November 2017), pages 19–20

10 <http://www.dailyadvertiser.com.au/story/3849280/highway-a-handbrake-on-growth/> (accessed 11 November 2017)

11 <http://www.riverinaleader.com.au/story/4255851/gobba-crash-reignites-call-for-upgrades/> (accessed 11 November 2017)

12 <http://www.bordermail.com.au/story/4649365/traffic-gridlock-solution-needed/> (accessed 11 November 2017)

13 <http://www.bordermail.com.au/story/4986086/free-bus-travel-is-one-cool-idea-says-mayor/?cs=11> (accessed 11 November 2017)

14 IPART (October 2017), Maximum fares for rural and regional bus services, Draft Report, pages 20–21

15 http://www.allenscoaches.com.au/uploads/43368/ufiles/timetables/Ganmain_Coolamon_-_Wagga_Passenger_Timetable.pdf (accessed 11 November 2017)

Recommendations:

3. That IPART acknowledge that subsidised public bus services in regional and rural NSW do more than just “ensure people with limited transport options have reasonable access to their local communities”.

4. That IPART re-evaluate the external benefits associated with these services, and, if appropriate, adjust the maximum fares following this.

2. The efficient costs of providing rural and regional bus services in 2017 are on average 19% lower than contract costs of providing school only services and on average 26% lower than contract costs for school and regular services.

No comment.

3. In the short term, for on demand bus services to be cost-effective in rural and regional NSW, they would need to:

3.1 attract sufficient additional usage and fare revenue to offset the additional costs of provision

3.2 be well-targeted to address an identified community need

3.3 be well-marketed to ensure the community is aware of them and understand how they work.

Agree to all points.

4. The estimated cost per passenger journey is a useful indicator of the likely cost effectiveness of an on demand service, as it takes account of both additional usage and additional costs. In general, an on demand service should only be pursued where TfNSW is satisfied it can be delivered for a lower cost per passenger journey than a fixed route service.

Agree.

5. In the short term:

5.1 Bus operators and TfNSW should explore opportunities to develop on demand services that provide a better service for the same or similar cost through service variations under the existing contracts

5.2. While bus operators should be free to explore any service design they think best targets community needs and can be delivered efficiently, services that add a flexible, on demand component to an existing fixed route are most likely to be feasible and cost-effective.

Agree to all points.

It is however noted that on demand services often fail. It is also noted that loop style city centre services, even when free, have also typically been failures in New South Wales. The majority of the free CBD shuttle buses introduced in NSW between 2008 and 2011 were abolished in 2013, after most routes had been in service for approximately two years.¹⁶

¹⁶ <https://www.transport.nsw.gov.au/newsroom-and-events/media-releases/poorly-patronised-shuttle-buses-to-go-favour-of-more-services> (accessed 12 November 2017)

Additional comments:

A number of regional and rural bus service areas are serviced by Opal enabled railway stations, without Opal being accepted on the buses (e.g. Bathurst and Goulburn regions). In these regions, passengers changing between modes must purchase two tickets (the bus ticket and the Opal ticket) and any journeys they make on buses do not count towards Opal benefits such as the daily fare cap and the weekly travel reward. Additionally, transfers between Opal and non-Opal modes do not entitle the passenger to the Opal transfer discount.

This arrangement is inequitable and imposes additional and unreasonable costs on public transport users. It also acts as a deterrent to using buses for the first and final legs of journeys (e.g. between the railway station and the person's residence), thereby keeping bus patronage low. Enabling Opal on regional and rural bus services that connect with Opal enabled rail services offers an improved level of service for passengers and is likely to drive demand for these services. The collection of tap on and tap off data would also provide transport planners with a valuable source of information, showing when and where demand is strongest. This information could also be used to help inform future planning decisions, for example which size of bus should be servicing a route.

Enabling Opal on these services would make them better value for money for both passengers and taxpayers. Increasing service outcomes for passengers and making services better value for money has been used as a justification for IPART's proposals.¹⁷ It is noted that in Victoria, buses servicing Myki terminal regions (e.g. Bendigo and Geelong) are Myki enabled.

Recommendation:

5. That IPART recommend that TfNSW implement Opal ticketing on all regional and rural buses contract areas servicing Opal enabled railway stations.

¹⁷ IPART (October 2017), Maximum fares for rural and regional bus services, Draft Report, pages 27, 56, 66