

28 June 2017

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Submission – Review of rural and regional bus fares

Dear Peter, Ed & Deborah,

We appreciate having the opportunity to make a submission to the review of rural and regional bus fares. Health promotion is about enabling people to increase control over, and to improve, their health.¹ Affordable and accessible transport is an important aspect of this because it enables people access to work, leisure, education and health services, all of which are important determinants of health.

Background

Evidence shows that NSW has high overweight and obesity rates (52.3% adults, 22% children) and poor health indicators for physical activity (43% meet recommended levels). Health professionals recognise the importance of transport in directly affecting people's health and the central role that planners play in providing environments which support healthy behaviour.² In this regard the increased opportunities for social interaction and incidental physical activity associated with using public transport are particularly important from a population health perspective.

The issues paper acknowledges the socio-economic determinants associated with the use of public transport. There is significant transport disadvantage in Northern NSW. The Northern Rivers Regional Transport Plan³ states that: "The Northern Rivers region has an above average level of social disadvantage compared to the NSW median." On average, North Coast residents have a household income two thirds of their city counterparts. There is a high reliance on private car usage and travel distances are generally longer, with places of employment, education and services spread out across the region.

The *Casino to Murwillumbah Transport Study*, version 2.1 at 1.3⁴ provides a summary of the region's transport challenges:

"1.3 The challenge: barriers to mobility and accessibility

There are a number of challenges to efficient accessibility and mobility within the region including the study area:

- **Dispersed population.** The region consists of several large towns separated by considerable distance with most social services existing in designated regional centres of Lismore and Tweed. Tweed Heads is also strongly linked to the Gold Coast for employment opportunities and economic growth.
- **Widely dispersed social services,** stemming mostly from the concentration of social services in towns, which is typical for regional areas.
- **A transport system reliant on private vehicle use,** a consequence of low density population and large distances between regional centres.

¹ <http://www.who.int/healthpromotion/conferences/previous/ottawa/en/>

² Thompson S, McCue P. The CHES Principles for Health Environments: A holistic and strategic game plan for inter-sectoral policy and action. Sydney: NSW Premier's Council on Active Living; 2008 http://www.pcal.nsw.gov.au/_data/assets/file/0003/27651/chess.pdf in <http://www.health.nsw.gov.au/urbanhealth/Publications/healthy-urban-dev-check.pdf>, p 8 [hardcopy page numbers]

³ Transport for NSW, *Northern Rivers Regional Transport Plan*, December 2013 <http://www.transport.nsw.gov.au/sites/default/files/b2b/publications/northern-rivers-regional-transport-plan.pdf>, pp 4, 6

⁴ Transport for NSW, *Casino to Murwillumbah Transport Study*, Version 2.1 <http://www.transport.nsw.gov.au/sites/default/files/b2b/projects/c2m-transport-study-final-low-res-version.pdf>

- **An increasing dependent population.** The Northern Rivers has proportionally the highest number of people not in employment in NSW. The unemployment rate is also higher than the State average. While requiring greater access to social services, those over 65 and under 18 are also less likely to have reliable private vehicle transport. This presents particular difficulties for young people in accessing education, training and employment, and participating in sport, recreation and cultural activities.
- **Worsening levels of transport disadvantage,** where both the dependent population and unemployed people do not have regular access to cars, and public transport cannot provide a real alternative.
- **Existing public transport is limited.** The Northern Rivers bus network consists of a number of private bus companies operating town to town services as well as within towns. Bus services are largely planned around school services, limiting public transport options to key social services such as hospitals and education facilities. There is also little timetable and service integration, and coupled with relatively high fares this provides further disincentive to potential customers to use public transport.

The principal public transport challenge facing the Northern Rivers can therefore be summarised as a need to provide reliable access to social services for an increasing dependent population, across a widely dispersed area, particularly for those who do not have access to private vehicles.”

Scope and additional matters for consideration

We support the additional matters to be considered by the IPART, particularly those relating to equity, eligibility for concession fares and people’s willingness and capacity to pay. These factors are particularly relevant to Northern Rivers’ residents where there is significant transport disadvantage.

We submit that in its price determination the IPART considers the wider social policy landscape, and the social and environmental imperatives (including health) to increase patronage of public transport. It’s also worth noting from a behaviour change perspective that fares are not the sole determinant of a person’s decision to use public transport or not. Price signals can be an important strategy to maintain and extend patronage, but this should be part of a broader suite of strategies aimed at increasing public transport patronage. In this regard, the considerations outlined in appendix D are supported, and we strongly support including ‘social inclusion’ as a factor, not just for on-demand transport services (p 19).

Increase patronage in order to lessen car dependence

Reliance on private vehicles for transport can have negative effects on mental health and sense of community.⁵ An American study showed that each additional hour spent in a car per day was associated with a 6% increase in the likelihood of obesity, while conversely, each additional kilometre walked per day was associated with a 4.8% reduction in the likelihood of obesity.⁶ Reducing the kilometres travelled by private vehicle and encouraging more active forms of transport (including public transport use) is an important objective for healthy development and environmental sustainability.⁷ In this regard, the incidental physical activity associated with using public transport (eg. walking to the bus stop) and the socially interactive nature of public transport are beneficial to population health.

We are therefore particularly interested in data around price elasticity (pp 12, 14) in order to encourage greater patronage of public transport and any modelling which could demonstrate price points where lower fares encourage greater patronage. This is particularly relevant to the current 2% of full fare adult passengers (p 6) who may be incentivised to increase their bus journeys at a certain price point. This also has relevance to fare caps and region wide fare options (discussed later).

⁵ Giles-Corti, B. et al. City Planning and Population Health: a global challenge. The Lancet; 2016. [http://dx.doi.org/10.1016/S0140-6736\(16\)30066-6](http://dx.doi.org/10.1016/S0140-6736(16)30066-6)

⁶ Frank LD1, Andresen MA, Schmid TL, ‘Obesity relationships with community design, physical activity, and time spent in cars’ Am J Prev Med. 2004 Aug;27(2):87-96 <https://www.ncbi.nlm.nih.gov/pubmed/15261894>

⁷ <http://www.health.nsw.gov.au/urbanhealth/Pages/healthy-urban-dev-check.aspx>, 2nd edition, p 99

Fare equity and affordability a priority

Fare equity and affordability is particularly important from a health promotion perspective. To illustrate this inequity we highlight the issue paper's reference to the comparative fare provided on p 22 of the paper: "...for a journey of 44 km, the maximum single adult fare in rural and regional NSW is \$14.60, compared to \$4.50 in the Sydney metro area". This fare difference highlights some of the inequities between metropolitan and regional transport service. We strongly recommend the lowest fares possible in order to encourage greater use of public transport services. Based on TfNSW information, the issues paper indicates that fare revenues makes up less than 5% of medium and large operators' income.⁸ In light of this we submit that reducing the cost of fares will have a lesser impact on medium/large operators' revenues but a greater impact on fare affordability for passengers. We would require further data to determine the applicability to small / very small operators, or alternatively, a tiered contractual payment system may be necessary to balance any operator inequities.

As an issue of equity, we also emphasise the need for fare caps similar to those available for Opal card users (discussed later).

Cross border travel should be easy

The Northern Rivers region interfaces with Queensland and therefore cross-border issues are an important consideration. In this regard we recommend consistency in fares for cross-border services in order to prevent confusion and make the decision to use public transport easier.

Time shifting should be a lower priority for regional areas

We support the observation on p 21 of the issues paper in relation to peak vs off-peak services and school travel times. We emphasise that the priority for fare determinations in rural areas should be the goal of shifting travel modes from private car reliance to buses and other forms of public transport. In light of bus journeys making up a very small percentage of travel modes in the Northern Rivers, the emphasis needs to be on increasing bus patronage and not at this stage moving peak-time passengers to non-peak times.

Fare caps and region wide fares

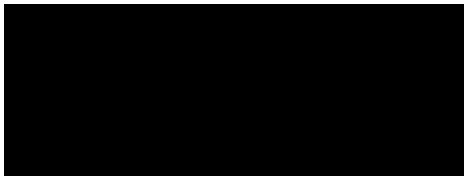
As mentioned previously, there is an inequity in how fares are capped for Sydney/metropolitan bus journeys (\$4.50) in comparison to rural/regional areas (\$14.60). In light of the higher disadvantage and lower incomes of Northern Rivers residents, fare caps should be on par or less than their city counterparts. Further, due to the nature of sparser population centres and that many journeys start at a minimum 44 km (eg. Byron Bay/Lennox Head/Mullumbimby to Lismore etc) fare caps should be set at a price point which incentivises bus travel over private car use. In this regard, we support daily/weekly/monthly fare cap options which would effectively discount more regular bus travel, therefore making regular commuter travel more affordable. This is in line with Opal card users who benefit from daily/weekly fare caps and half price travel after eight journeys (p 21).

⁸ IPART, 'Review of rural and regional bus fares from January 2018: Maximum bus fares for regular bus passengers in rural and regional NSW' https://www.ipart.nsw.gov.au/files/sharedassets/website/trimholdingbay/issues_paper_-_rural_and_regional_bus_services_2012_-_august_2012.pdf, p 14

Concession fares and travel subsidies

We support the review's consideration of concession fare eligibility and the level of subsidy provided by the NSW Government (p 23), but emphasise the high transport disadvantage of Northern Rivers residents and the lower income averages compared with city counterparts. We strongly support the current concessional arrangements, and emphasise the importance of maintaining RED tickets which are highly valued by pensioners and seniors. Consideration should also be given to those who fall outside concessional criteria but who are nevertheless low income earners (eg. the 'working poor') who may be incentivised to use public transport if half fare tickets were available. In this regard any reworking of concessional arrangements should prioritise increasing transport patronage because of the health cobenefits inherent in greater public transport usage.

Please do not hesitate to contact regarding anything we've raised in this submission.



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