



8 November 2017

Dr Peter J Boxall AO

Chair

Independent Pricing and Regulatory Tribunal NSW

Submitted via electronic submission form

Dear Dr Boxall

**RE: REVIEW OF RURAL AND REGIONAL BUS FARES**

The NRMA welcomes the opportunity to provide input towards IPART's Review of Rural and Regional Bus Fares.

The NRMA provides transport and tourism services to 2.6 million Members across NSW and the ACT. With 48% of our Members based in regional areas, and with tourism assets throughout country NSW, the NRMA has a strong commitment to improving transport options in the regions.

The NRMA works with policy makers and industry leaders to advocate for increased investment in road infrastructure and transport solutions to make mobility safer, provide greater access to affordable and reliable transport services, and to support the growth and development of regional communities.

The NRMA values our strong working relationship with the NSW Government, and is committed to collaborating with government and industry to improve mobility options in regional NSW.

Despite recent investments, poor road infrastructure and substandard transport options remain obstacles to free movement and accessibility for many in regional NSW. In particular, first-mile and last-mile journeys from major transport interchanges remain particularly difficult for regional travellers, leading to a reliance on car-based travel.

A recent Transport for NSW survey found that one in five people could not travel by private vehicle, and more than two in five reported that they cannot access public transport because they are living with a disability, are elderly or live in areas with low or no public transport services.<sup>1</sup> With NSW customers taking four million trips on rural and regional buses each year<sup>2</sup>, the NRMA believes it is imperative that social inclusion be a central consideration in determining service provision and service coverage for regional public transport. Improving mobility enhances social cohesiveness and better standards of health, with a lack of transport access also recognised as a factor in long-term unemployment.<sup>3</sup> Transport access is central to improving the wellbeing of regional communities, as in rural areas access to core services are usually over a 30km range, compared to 1.4km in Sydney metropolitan areas.<sup>4</sup>

The NRMA welcomes the actions outlined in the recently released *Draft Regional Infrastructure and Services Plan* relating to improved public transport in regional NSW, particularly regional trunk public transport services incorporating extended TrainLink coach services, flexible transport services to provide new or improved

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<sup>1</sup> Transport for NSW. (2017). *Future Transport Draft Strategy 2056*. Available at <https://future.transport.nsw.gov.au/>

<sup>2</sup> Transport for NSW. (2017). *Future Transport Draft Strategy 2056*. Available at <https://future.transport.nsw.gov.au/>

<sup>3</sup> Litman, T. (2017). Social Inclusion As A Transport Planning Issue in Canada. Victoria Transport Policy Institute, pp.1-27. [online] Available at: [http://www.vtpi.org/soc\\_ex.pdf](http://www.vtpi.org/soc_ex.pdf)

<sup>4</sup> Stanley, J. and Barrett, S. (2010) Moving People – Solutions for a Growing Australia. Report for Australasian Railway Association, Bus Industry Confederation and UITP, pp 20.



coverage to areas where public transport is difficult to provide, and reduced rail journey times through rail timetable and network improvements.

The NRMA supports the Review's aim to improve value for money by setting fares that increase the patronage of bus services in the short-term and raise their cost effectiveness over time. We echo the Review's contention that the main purposes of providing taxpayer-subsidised bus services in rural and regional areas is to ensure people with limited travel options – such as those who cannot drive or cannot afford a car or taxi services – have reasonable access to transport within their local communities.

In making this submission, the NRMA seeks to ensure transport strategies accommodate growth and changing community needs, particularly in light of trends towards greater individualisation of services, the sharing economy and autonomous vehicles.

As a result, the NRMA's submission will focus on three key areas:

- Maximum Fares & Fare Structure
- On-demand transport
- Cross border travel (including concession eligibility)

## **MAXIMUM FARES & FARE STRUCTURE**

The NRMA believes there is scope for significant improvement in the fare equitability between Sydney metropolitan areas and rural and regional areas of NSW and we welcome the proposed reductions of the maximum level of fares for almost all single journeys and the proposal of a daily capped amount. The anticipated outcome that adult passengers taking the most common journey in rural and regional NSW (2-10 km) will pay half the amount they currently do is a welcome outcome for patrons.

Currently, fares between Sydney metropolitan areas and rural and regional areas are similar for short distance travel, therefore the NRMA endorses the maximum fares for shorter trips (0-3km) being maintained at their current level, in line with bordering states fare structures.

The proposed reduction in long distance fares is also welcome, encouraging greater patronage on longer routes and unlocking connections between cities and regions. The reduction will also bring the fare for a return 10km journey into line with equivalent journeys in the Australian Capital Territory, Queensland and Victoria.

The NRMA strongly supports the proposed simplification of the fare structure from 220 fare selections to 10 price bands. The current fare structure of distance-based travel separates fare pricing into 1.6km sections, where the cost of the trip increases by section. This is unnecessarily complex and acts as a barrier to public transport usage. Increasing the amount of distance (km) between sectors will allow bus operators to determine zonal distance for passengers more easily and simplify the system for passengers fare determination. Retaining distance-based travel bands allows for transparent rates that can be clearly communicated to both passengers and drivers, making fare rates easier to monitor for customers. Increased distance between zonal sectors is also more reflective of regional transport patterns, where the average trip is longer for rural and regional commuters than metropolitan ones.

## **ON-DEMAND TRANSPORT**

The NRMA considers that regulatory and economic barriers are the key constraint that limit the development of on-demand services in regional areas (specifically the uncertainty of population-based demand and high costs associated with operating these services). The NRMA agrees with the Review's assessment that the development of on-demand services should be prioritised in those areas where the bus contract costs are more than 25 per cent higher than the efficient costs and can be delivered for a lower cost per passenger journey than an equivalent fixed route bus service.

As operation costs remain the major factor in the success of on-demand services, the most effective type of on-demand service will be targeted to the needs of the specific community, particularly the capacity and rurality



of the town. For example, a small rural town could benefit more from demand-responsive services that provide a door-to-door service for pre-booked trips while a regional centre could benefit from converting services operating at set times to and from specific points to a variable, non-fixed route that depends on pre-bookings.

The NRMA supports a phasing out of pre-existing vehicles to smaller, more flexible vehicles modifying their travel route and plans. Smaller communities would benefit from taxi services or community transport being potential providers for on-demand services as they are already providing existing services, while larger regional areas could use vehicles with higher passenger capacity such as buses.

The NSW Government should continue to seek innovative solutions from the marketplace, including tech and industry startups, to trial new approaches that overcome some of the challenges of providing on-demand services in regional NSW. Lessons from current programs, such as the on-demand bus trial in Dubbo and surrounding regions, should also be applied to future pilots.

Local councils should also be incentivised to contribute to the success of on-demand transport through appropriate planning, zoning, support in relation to marketing and promotion, and the establishment of necessary regulatory structures, for example, for stopping and stabling. Effective local information and promotion will be critical to addressing barriers to adoption (for example, operators being unwilling to trial the mode and users having little previous exposure to ride sharing).<sup>5</sup> The NRMA recommends that local councils be resourced to deliver this in conjunction with the operator, for example, funding for promotion as part of a community transport grant.

The NRMA welcomes the NSW Government's initiative to develop frameworks and a cost model to improve the procurement of transport services in rural and regional areas. The NRMA is also supportive of improved contestability and market driven solutions to provide a better quality service for regional passengers, through seeking tenders at the end of the current bus contract period in 2024 and in the short term, negotiating with operators that provide low patronage services. Additional competition in the rural and regional transport services market will help to ensure the right mix of transport – bus, taxi, ride share and community transport – is delivered.

An aspect of on-demand transport that is not addressed in the review is the role that available fleets will play, which the NRMA recommends is further considered by the NSW Government. Potential operational barriers to on-demand transport include the type of existing fleet vehicles that are available for on-demand services, how they are utilised and their accessibility for patrons.

## **CROSS BORDER TRAVEL (including concession eligibility)**

There are currently significant and arbitrary disparities in cross border travel. For example, communities such as Queanbeyan that border ACT and NSW face inconsistencies in fares, services and timetables, as ACT buses are not authorised to travel into NSW. The NRMA was pleased to see cross-border transport identified as a priority in the recent Memorandum of Understanding between the NSW and ACT Governments, including arranging for transport options such as taxis, ride sharing and courtesy buses to operate legally across the border.

The NRMA supports the NSW Government's proposal in the *Future Transport 2056 Draft Strategy* to harmonise fares, timetabling, ticketing systems (e.g. Opal integration) and concessions in border areas, and urges the NSW Government to implement these changes as soon as possible. The NRMA will monitor the outcome of the proposed on-demand pilot in the Tweed/Coolangatta area and an improved ticketing system to facilitate a single ticket in the Albury/Wodonga area.

For younger people living in rural areas who have limited car access, viable transport options are key to their social inclusion. Higher costs associated with rural travel make it difficult for young people to access education

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<sup>5</sup> Daniels, R. and Mulley, C. (2017). Overcoming barriers to implementing flexible transport services in NSW. [online] Available at: [http://atrf.info/papers/2010/2010\\_Daniels\\_Mulley.pdf](http://atrf.info/papers/2010/2010_Daniels_Mulley.pdf)



and job opportunities, in conjunction with limited to no access to public transport.<sup>6</sup> Currently, student concession cards across Australia are only valid where the person resides, e.g. NSW student concessions are not valid in Victoria. In contrast, the ACT recognises eligibility for interstate residents. All Australian school students and interstate seniors card holders are eligible for concessions (although ACT seniors over the age of 70 travel free). The NRMA is also aware that some operators on the Victorian border may have made informal arrangements to recognise some interstate concessions cards.

Using the example of the nationally recognised disability parking tickets, the NRMA proposes that all concession cards should become nationally recognised for the convenience of commuters. Fare harmonisation would benefit customers through improved service quality in regards to time efficiency, reduced price differentiates and an easier understanding of timetables and networks cross-border<sup>7</sup>. If this is not possible, the IPART proposal to extend concessions to NSW residents attending secondary school, TAFE, VET or universities located within 50 km of the border as full time, on-campus students is an appropriate foundational step.

With one in three people projected to be over the age of 65 by 2036<sup>8</sup> a more integrated public and community transport system must align with a standardised concessionary system. In some regional areas, older people make up a third of the population and are a growing tourist market.<sup>9</sup> Older people are making more complex journeys than in the past due to becoming an increasingly healthier age group, extended driving life and an increase in disposable income<sup>10</sup>. One in four drivers are already aged over 65 and will need to transition away from driving overcoming years, which will increase demand for accessible transport to meet their individual mobility needs.<sup>11</sup>

Under the current system, pensioners, NSW and Victorian War Widow/ers and NSW seniors are eligible for unlimited daily travel for a fixed \$2.50 fare in rural and regional areas. The NRMA considers that these subsidies are appropriate and supports IPART's recommendation that they be maintained. These fares should be more widely promoted, particularly in the context of encouraging older Australians to travel domestically in an affordable manner.

As there are no equivalent products to the RED or Gold Opal ticket, and these cards are not recognised in bordering states such as Queensland, ACT, Victoria and South Australia, the NSW Government should work with other jurisdictions to extend these discounts to cross border areas when eligible cardholders travel 50km out of NSW. This would require a review of ticketing technology and forms of identification required between states and territories.

## CONCLUSION

The NRMA welcomes the opportunity to provide feedback on the draft IPART determination. Accessible, cost effective, frequent and reliable public transport is necessary to facilitate employment, tourism and travel for essential services such as health care, as well as access to social networks.

Equitable transport pricing is an important component of addressing the transport disadvantage faced by rural and regional communities, but it must be part of a broader suite of measures to improve public transport in regional areas. The NRMA is particularly focused on investigations into on-demand services in completing

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<sup>6</sup> National Youth Affairs research team (2005). Rural and Regional young people and Transport. [online] pp.12-20. Available at: [https://docs.education.gov.au/system/files/doc/other/rural\\_and\\_regional\\_young\\_people\\_and\\_transport.pdf](https://docs.education.gov.au/system/files/doc/other/rural_and_regional_young_people_and_transport.pdf)

<sup>7</sup> Guidelines in market organisation. Public Transport Integration. [online] Available at: [http://documents.rec.org/publications/SPUTNIC2MO\\_ptintegration\\_AUG2009\\_ENG.pdf](http://documents.rec.org/publications/SPUTNIC2MO_ptintegration_AUG2009_ENG.pdf)

<sup>8</sup> NSW Government Planning and Environment (2017). South East and Tablelands Regional Plan. <http://www.planning.nsw.gov.au/~media/Files/DPE/Plans-and-policies/south-east-and-tableland-regional-plan-2017-07.ashx>

<sup>9</sup> Transport for NSW. (2017). *Future Transport Draft Strategy 2056*. Available at <https://future.transport.nsw.gov.au/>

<sup>10</sup> Australasian Transport Research Forum 2011 Proceedings (2011). Exploring mobility of older people: a case study of Adelaide. [online] Available at: [http://atrf.info/papers/2011/2011\\_Truong\\_Somenahalli.pdf](http://atrf.info/papers/2011/2011_Truong_Somenahalli.pdf)

<sup>11</sup> Transport for NSW. (2017). *Future Transport Draft Strategy 2056*. Available at <https://future.transport.nsw.gov.au/>

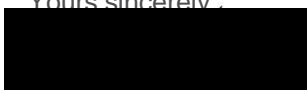


first and last mile journeys at cost-effective prices, as well as the government and private sector working together to develop innovative customer-focused transport solutions.

We welcome recent NSW Government commitments in the *Future Transport Draft Strategy 2056* and associated plans to explore flexible, on-demand and personalised service models and dynamic scheduling, a review of concession policies and more multimodal interchanges in regional NSW.

If you require further information regarding this submission, please contact Regional Corporate Affairs Advisor Helen Machalias on 0439 133 114 or [Helen.Machalias@mynrma.com.au](mailto:Helen.Machalias@mynrma.com.au).

Yours sincerely,



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