

SUBMISSION: IPART DRAFT REPORT 'MAXIMUM FARES FOR METROPOLITAN AND OUTER METROPOLITAN BUSES FROM JANUARY 2014'

From: Sonia Hornery, State Member of Parliament for Wallsend

INTRODUCTION

I represent the NSW state electorate of Wallsend. Connectivity between the outer suburbs in my electorate and the Newcastle city centre is very important for my constituents. I'm a strong advocate of public transport in the Hunter region and I believe that the proposed increase in maximum fares in this report will adversely impact on bus patronage in my electorate. I believe the report has underestimated both the implications of fare increases for low-income earners and for bus use in the Hunter.

RESPONSE TO SECTIONS

8.1 Implications for passengers

The report states "*We consider that our draft decision to allow fares to increase by 0.3% above the rate of inflation, on average, is not likely to reduce the affordability of bus travel*". The reason given for this assessment is "*while bus users in general have the lowest incomes of users of all modes of transport, many low income bus users travel on some form of concession fare. We consider that Government concession fares (for example, the Pensioner Excursion Ticket) mitigate the impact of our fare changes on many of these lower income passengers*".

From the feedback provided to me by constituents it is clear, in Wallsend at least, that many low-income workers with similar financial impediments to students, pensioners and the unemployed rely on public transport without the benefit of government concessions. On top of this an increase in the maximum allowed fair increase seems likely to trigger a comparable rise in concession fares due to the historic tendency for concession fare prices to rise in tandem with full price fares.

This report rightly notes that the majority of bus users represent some of the lowest income earners in our society. This awareness needs to be extended to recognise the tough financial realities of low income workers without government concessions support. If IPART took into account the large number of low income earning workers without access to government travel concessions who use public transport in the Newcastle area it would be clear how negative the implications for passengers would be. This prohibitive affect on passengers is likely to have a flow on effect on bus patronage numbers causing a vicious cycle of reduced usage and increased fare cost.

8.4 Implications for the environment

In this section the report states "*there is evidence that demand of bus services is relatively unaffected by fare changes*". A footnote explains this view is based on a study commission by IPART in 1996 to explore price elasticity on demand. The examination, carried out by Professor David Hensher of the Institute of Transport and Logistics Studies, found a fare increase of 1% would decrease bus patronage by 0.38%. Recent government figures show in a year covering 2012/2013 , 11,786,000 people caught buses in Newcastle.

According to Professor Hensher's figures quoted in this report, a 1% rise in the cost of bus fares this year would lead to 44,786 people terminating their bus use. If bus fares were raised by the maximum allowed amount of 2.8% there would be a drop in bus patronage of 125,403 people. Likewise it would seem logical that decreasing fares by 2.8% would lead to an increase in bus patronage by 125,403 passengers. Following the same logic, a decrease in maximum fare price in Newcastle to 2007 levels of \$3 for a full-fare 1-hour ticket would lead to a boost in patronage of 743,460 people. I believe this shows fare price does have a significant impact on bus patronage.

RECOMMENDATIONS

I strongly support a decrease in maximum fare cost in line with a fixed cost of \$3 for a one-hour ticket on Newcastle Buses. I believe this reduction should be put into effect immediately and capped so no increase can be made over the next four years. According to the findings of Professor David Hensher of the Institute of Transport and Logistics Studies, referenced in section 8.4 of this report, a decrease in fare cost from \$3.60 to \$3 would lead to an extra 743,460 people catching Newcastle buses annually. An increase in bus patronage of this amount would be a significant boost to public transport use in the region, help reduce congestion on our roads and reduce the harmful impact of car travel on the environment.