

8 November 2012

Draft Report -Rural and Regional Bus Fares from 2013

1. NRSDC **supports** the move to a 5 year determination but we have some concerns about fares being automatically determined each year solely by the inflators applied to the bus industry cost index. This removes incentives for providers to look for efficiencies as an alternative to fare increases and precludes opportunities to balance inflators against a range of other factors and impacts. In effect, this means that inflationary costs will be borne entirely by the consumer without consideration of the potential social impacts.

2. NRSDC **does not** support any increases to rural and regional bus fares for the following reasons:
 - The rise is higher than the consumer price index which will create hardship for people whose incomes will not rise accordingly.
 - Rural and regional bus fares continue to be substantially higher than metropolitan bus fares so the focus should be on finding ways to reduce fares to an equitable level. As noted in the Draft Report, rural and regional areas have significantly lower incomes and less access to alternative forms of transport than in the metropolitan area.
 - Affordability is a key component of transport disadvantage. Although the proposed fare increases may seem relatively minor, recent reports show that many people are facing increasing income stress, to the extent that they cannot afford to eat towards the end of their pay period. In this context finding even an extra 20c for a bus trip may simply not be possible in an already overstretched budget.
 - Any increase in fares provides a disincentive for people to switch from private car travel to travelling by bus. This has negative impacts on sustainability and reduces the opportunity to grow the mode share to public transport. For example, if 2 people catch the bus and pay \$10 each it is the same as if 10 people catch the bus and pay \$2 each. It is possible to lower fares without impacting on bus operator's profit margins, particularly given that rural and regional buses do not usually run at capacity. Lower fares provide an incentive for bus travel that could potentially increase fare box revenue through increased patronage *rather than increased fares*.
 - In rural and regional areas such as the Northern Rivers a lot of people use buses to travel longer distances, for example between towns. A number of people will be paying the maximum 80c (one way) increase to access their closest major town for medical services and other essential services. There appears to be reliance on the fact that in some cases bus operators do not currently charge the maximum fares for longer journeys. We congratulate operators who do charge lower fares

but we recognise that this is at the discretion of the provider and does not offer any fare security for consumers as fares could rise at any time.

- Ideally, the setting of bus fares should be done within a strong and equitable framework for concessions that ensures vulnerable and disadvantaged groups can continue to afford transport services.

The Northern Rivers Social Development Council (NRSDC) welcomes this opportunity to comment on the *Draft Report –Rural & Regional Bus Fares from 2013*. NRSDC is a community-based not-for-profit organisation that promotes community wellbeing across the Northern Rivers of NSW. The NRSDC Transport Development Project has a focus on community and social justice outcomes arising from equitable access to transport across the Northern Rivers. NRSDC seeks to address these outcomes with particular note to factors around social impacts and ecologically sustainable development that IPART must consider when making a determination.

If you have any queries please do not hesitate to contact Linda Wirf on (02) 66201815 or Kate Geary on (02 66201820)

Sincerely,

Linda Wirf and Kate Geary
Transport Development Workers
Northern Rivers Social Development Council
PO Box 5419 East Lismore NSW 2480
Fax: 02 6620 1899
Email: linda.wirf@nrsdc.org.au
Email: kate.geary@nrsdc.org.au

Web: www.nrsdc.org.au
www.goingplaces.org.au