

- ▼ Please mute your microphone
- ▼ Please turn on your camera (webcam)
- ▼ We will start at 2.02 pm



Public Hearing Review of Rural and Regional Buses in NSW

20 October 2020

Agenda



MC – Liz Livingstone, IPART CEO



Welcome – Dr Paul Paterson, Tribunal Chair

1

Overview of key draft findings and recommendations

2

Stakeholders' presentation and discussion

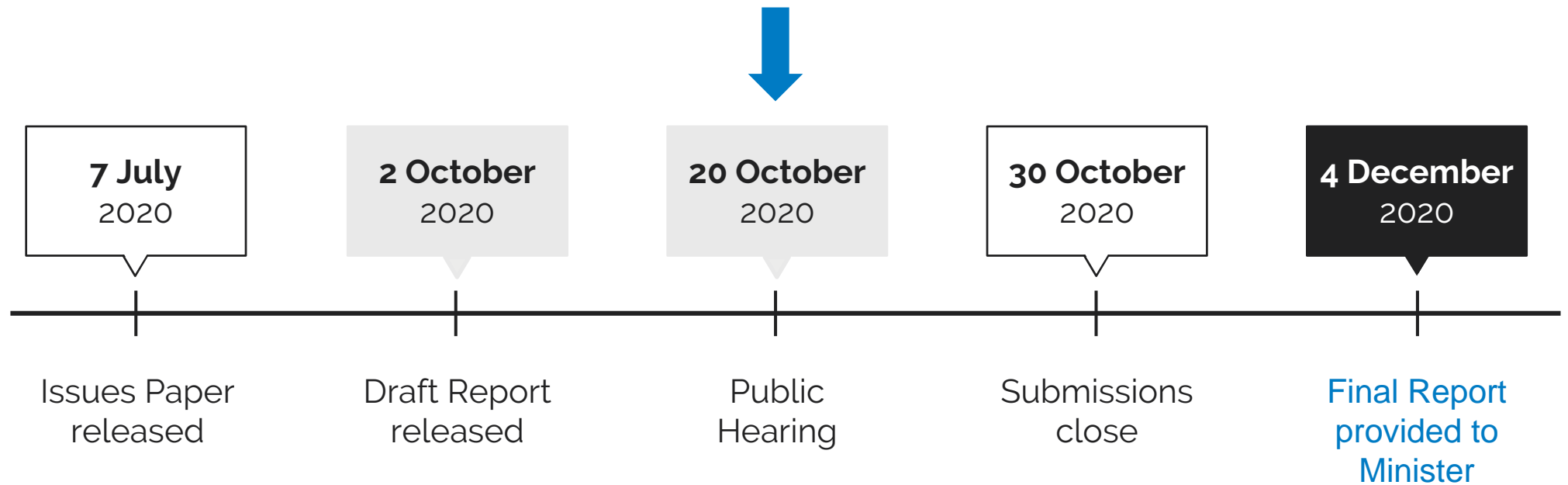
3

Feedback and questions

4

Closing remarks

Where our review is up to



Bus use survey is available on our website throughout the review

Background

- ▼ Buses provide essential connections within rural and regional communities, and enable people to access education, employment and health care
- ▼ Rural and regional areas typically have:
 - lower incomes
 - greater isolation
 - older population than metropolitan areas
- ▼ Bus users are likely to have fewer transport options and lower socio-economic status than the general population
- ▼ Rural and regional bus fares are higher than fares for comparable services, particularly for longer distances



Proposed maximum fares

- ▼ More affordable, more consistent fares
 - 70% of the maximum peak Sydney (Opal) fare means lower fares across all distances
 - Cheaper, simpler daily tickets
 - Allows for roll-out of consistent state-wide electronic ticketing

- ▼ Higher maximum fares for peak and on-demand services

- ▼ We also recommend to the NSW Government
 - concession fares for Commonwealth Health Care Card
 - more streamlined concession process
 - consider options for providing fare assistance to vulnerable people and more affordable family travel

Proposed and current maximum fares

Distance (sections)	Approx distance (kilometres)	Current maximum fare	Proposed maximum fare	\$ difference	% difference
1-2	0-3	2.40	2.30	- 0.10	- 4%
3-6	3-8	3.60	3.30	- 0.30	- 8%
7-15	8-20	5.10	4.20	- 0.90	- 18%
16-25	20-35	7.60	4.50	- 3.10	- 41%
26-37	35-65	10.10	5.90	- 4.20	- 42%
38-56	65-90	15.10	7.50	- 7.60	- 50%
57-75	90-120	21.90	10.00	- 11.90	- 54%
76-100	120-160	30.70	15.00	- 15.70	- 51%
101-125	160-200	40.70	20.00	- 20.70	- 51%
126+	200+	50.60	25.00	- 25.60	- 51%

Other proposed recommendations

- ▼ Improving information for passengers about services and fares
- ▼ Promoting efficient delivery of services through changes to contracting
- ▼ Undertaking future transport planning that fully considers the economy wide benefits of transport in enabling people to access essential services like employment and healthcare
- ▼ Targeting improved services to areas where the need is greatest
- ▼ Providing greater certainty to bus operators regarding coordination of electronic ticketing, customer interface and payment technologies

A photograph of a road surface with yellow 'BUS' markings. A blue banner is overlaid on the image, containing the text 'Impact on bus operators'.

Impact on bus operators

- ▼ On average, operators receive around 2% of their revenue from fares. Just over half of this comes from section-based fares
- ▼ The impact on an individual operator is influenced by a range of factors
 - mix of passengers
 - length of trips they make
 - whether operators currently charge maximum fares
- ▼ Service contracts with Transport for NSW provide a mechanism for a contract price adjustment if operators experience a material reduction in fare revenue as a result of the determination



Transport for NSW (TfNSW)



NSW Council of Social Service (NCOSS)

IPART Hearing on Regional and Rural Bus Fares 2021-25

Joanna Quilty, NCROSS CEO

20 October 2020

Transport disadvantage in NSW

Affordability – our research on cost of living indicates that 40% of low income households have forgone transport services due to financial constraints.

Accessibility – there are more than 333,500 people with disability, representing around 25.3% of the regional population, who face significant difficulties accessing transport services.

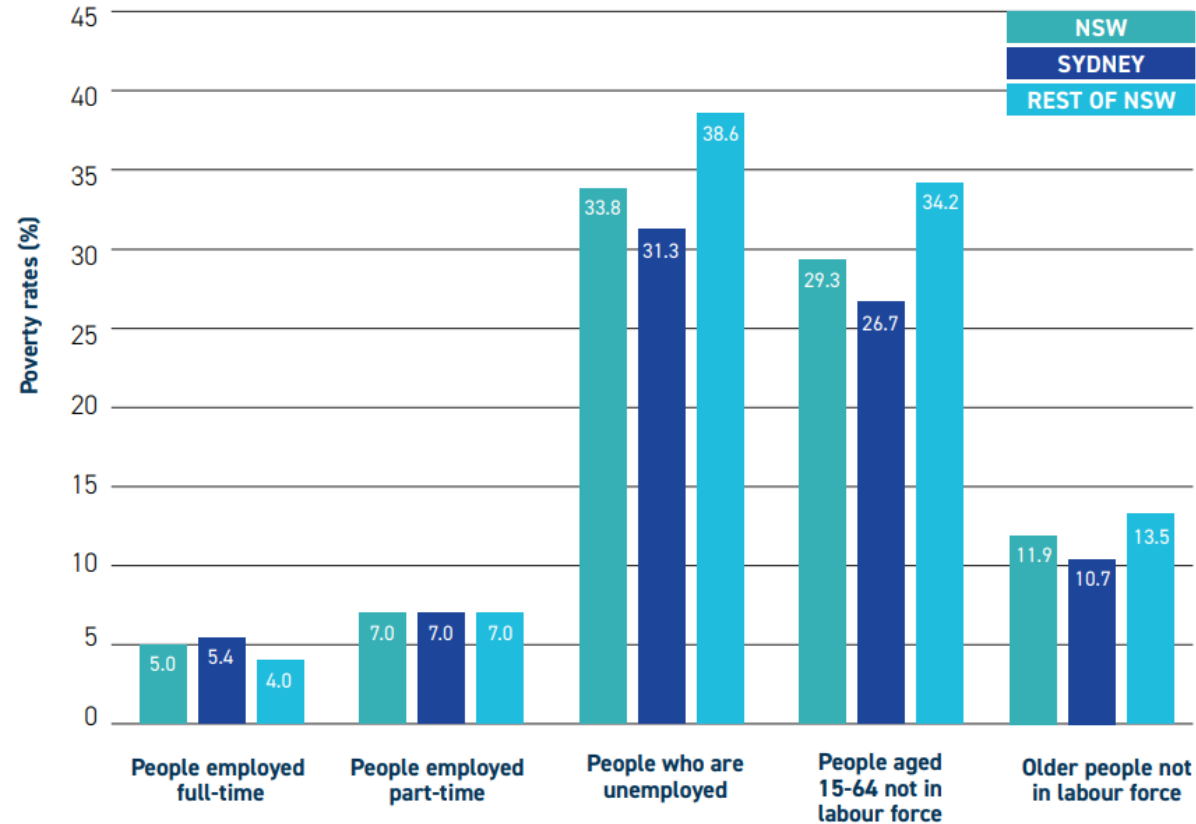
Alternatives - around 144,000 people or 60,000 households living in regional and rural areas don't have access to a private vehicle and are reliant on the public transport system.

Poverty pre-COVID

People in poverty:

- working full-time: 25,600
- working part-time: 27,600
- unemployed: 26,000

Figure 18: Poverty rates by labour force status



(NATSEM 2019, Mapping Economic Disadvantage in NSW)

Regional poverty is increasing

- In the year to date the number of unemployed people has increased by 22%, with an additional 14,400 people out of work.
- In June unemployment in regional and rural areas peaked at 91,400. This was an increase of 29,100 people, or 45.2% increase in unemployment since January.
- While unemployment has declined in the most recent monthly labor force survey, the decline reflects a fall in people seeking work rather than an improvement in economic conditions.

(ABS, Labor Force, Australia, Detailed, August 2020)

Key issues for NCOSS: Affordability

- Proposed fare reductions and maximum daily caps are a positive step.
- Proposed expansions to concessions are welcome and will provide significant financial relief.
- Further fare relief for people on Jobseeker payments should be pursued by extending RED concessional pricing.
- Programs to provide support for people experiencing crisis should be developed in consultation with the sector.

Key issues for NCOSS: Accessibility

- The availability of accessible services is poor and minimum standards should be set to ensure equal access.
- The provision of information about the availability of accessible services is poor and should be improved.
- On-demand services should be developed with accessibility in mind in order to improve the availability of accessible services.

Example: Accessibility

- Sue has lived with disability since birth.
- After growing up in supported accommodation Sue now lives independently in the South Coast region.
- Sue doesn't drive and uses buses to get to and from her part time job in the nearby regional center.
- Sue has frequently experienced difficulties getting to and from work as buses are often not accessible. Sue has previously been injured when trying to get onboard buses that did not meet accessibility requirements.
- Sue often has to wait hours at the bus stop for an accessible bus to arrive as local schedules do not accurately indicate whether a service will be accessible.

Example: Crisis support

- Tammy lived in Western New South Wales with her three children.
- After several years Tammy's partner became increasingly violent and their relationship deteriorated.
- Tammy made the decision to leave her abusive partner, but lacked ready access to transport to take her children and leave.
- As her partner had control over the family vehicle and finances, Tammy lacked the resources she needed to flee violence immediately.
- Tammy was able to access support from a local DV service which provided her and her children tickets on a bus service so that she could leave town.
- Tammy and her children have now resettled in another part of New South Wales.



Combined Pensioners and Superannuant's Association (CPSA)

IPART Online Public Hearing: Rural and Regional Bus Fares 2021-2025



Draft maximum fares for regular route services from January 2021

- Overall, CPSA is supportive of IPART's proposals, specifically:
 - Maximum fares reduced, in some instances by a significant amount.
 - Setting fare for bands 1 and 2 at \$5 is a great proposal, especially for concessions who would pay \$2.50.
- CPSA is still concerned for people with sporadic work or JobSeeker recipients who are fulfilling mutual obligations (job interviews and/or volunteer work) that they are likely to travel beyond the proposed fare band 2.
 - Average commute distances in regional and rural NSW LGAs are 21.67km (median 10.31km)
 - A bus trip for this commute would put people in band 3 or 4 (\$5 concession fare)

Draft maximum fares for on-demand services

- Anecdotal evidence suggests that cost may be a barrier, but convenience may overcome this
 - In most discussions with pensioners about public transport the benchmark is always the Opal Gold Card. Anything over \$2.50 all day travel is baulked at
 - In saying this once the convenience of the service is explained the cost appears to be less of a barrier
- An educational and promotional campaign would be important in reaching older people for on-demand services
- IPART's mention of maintaining the ability to book services over the phone and pay in cash is appreciated and supported by CPSA

Draft recommendations on the availability of concession fares and discounts

- CPSA supports the proposal to use the Commonwealth Health Care Card to prove eligibility for concessional transport rates
- CPSA would still like to see IPART propose that JobSeeker Payment recipients become eligible for the RED ticket.
- Of particular concern for CPSA are people over 55 on JobSeeker
 - For this cohort, JobSeeker is a more like a pre-Aged Pension rather than a temporary support payment
 - Over 55s were the largest cohort on JobSeeker that spent the most time on the payment before COVID-19 and they will be the largest cohort again after short-term fluctuations in unemployment pass



Council on the Ageing (COTA)



BusNSW

IPART Review of R&R Bus Fares from January 2021

Public Hearing 20/10/20



Draft Maximum Fares for regular route services from January 2021

- ▶ **Draft decision to reduce maximum fares** – supported based on making fares more affordable and consistent with other government provided transport services, particularly for longer distance trips.
- ▶ **Draft decision to introduce higher maximum fares for “peak” services** – supported based on period applicable to determination, though take up expected to be low.
- ▶ **Draft decision to reduce daily ticket fares and reduce the number of tickets available** – supported, though take up expected to remain low.

Draft Maximum Fares for regular route services from January 2021

- ▶ Operator considerations:
 - Changes to ticketing systems (use of third-party supplier – support and cost)
 - Driver education and training
 - Customer awareness and education
 - Changes to TfNSW reporting
 - Material Change in fare revenue (could be up to around 20%) – refer “Expected impact on operator revenue” slide.
- ▶ Process to deem a service as “peak” may not be practicable – buses at risk of exceeding “*full passenger capacity*” would need to be addressed as a priority (not after 6 months).

Draft Maximum Fares for on demand services

- ▶ **Draft decision to reduce maximum fares for on demand services plus up to a maximum of \$5 for a single adult fare – supported** based on making fares more affordable, particularly for longer distance trips.
- ▶ **Draft decision to reduce maximum fares for daily ticket incorporating on demand services plus up to a maximum of \$10 for daily adult fare – supported** based on making fares more affordable, particularly for longer distance trips.
- ▶ It is unlikely that a premium could be charged where an on demand service replaces a fixed route bus service – given the higher cost to operate OD services there is likely to be an increase in government subsidy required, though may result in other benefits.

Draft Maximum Fares for on demand services

- ▶ **Recommendation that TfNSW prioritise locations for the introduction of on-demand services by assessing the likely increase in benefits compared to the current service, and any increase in costs - supported based on proper analysis and consideration of operational efficiencies from having the same operator for on-demand and fixed route services in the area.**
- ▶ Include consideration of OD as part of network review.
- ▶ Need to consider integrated ticketing and fares (transfers).
- ▶ Need to recognise the school transport task in the AM and PM peaks – use of small buses for on demand services may reduce overall capacity and efficiency (risk of duplication).
- ▶ Need to recognise bus size - PT legislation, BOAS, Safety?

Draft recommendations on the availability of concession fares and discounts

- ▶ **TfNSW to expand the availability of concession fares to NSW residents holding a current Commonwealth Health Care Card – supported**, to capture people with sporadic employment.
- ▶ **TfNSW to simplify the concession fare application process for rural and regional bus travel – supported**.
- ▶ **TfNSW to considers implementing additional measures to assist vulnerable people – supported** subject to understanding the impact on operator revenue.
- ▶ **TfNSW to consider targeted options for making family travel more affordable - supported** subject to understanding the impact on operator revenue.

Draft recommendations to improve transport services in rural & regional NSW

- ▶ Promotion of tendering RRBSC's does not consider:
 - Current RRBSC end of term provisions (right to negotiate)
 - Asset ownership – existing assets and transfer impediments
 - Lack of competition in rural/remote areas (potentially higher cost to Govt)
 - Government cost to tender 663 contracts
- ▶ Procurement – negotiation and benchmarking of efficient costs.
- ▶ KPI reporting supported – where operator has control
- ▶ Guidance re State-wide ticketing approach (end-of-life systems)
- ▶ Fare collection system – need for CTP (option for “cashless”)
- ▶ Possible provision of services *by “appropriate non-bus operators”* is not clear – Buses > 12 seats, PT legislation, BOAS, Safety?
- ▶ Reliance on accurate journey-planning & real-time trip info.

Expected impact on operator revenue

- ▶ March 2018 fare changes – some claims to be resolved
- ▶ Proposed framework to assist bus operators and TfNSW with contract price adjustments – options, though complicated.
- ▶ If patronage has fallen, operator should still be eligible for contract payment adjustment as fare change will have affected revenue i.e. COVID-19 impact on boardings and fare revenue.
- ▶ TfNSW is responsible for service planning including routes, frequency, and span of hours, plus customer information - *bus operators have very limited ability to influence patronage.*
- ▶ Determine material change in fare revenue based on the “material changes in fares” and actual boardings.
- ▶ Future fare change issues - consider gross cost contract



Feedback and other comments
or questions

Next steps

Provide feedback

Submission on our Draft Report
Submissions close on 30 October 2020

Complete survey

Complete our online survey on bus
use in rural and regional NSW

Contact us

Ineke Ogilvy
p: 9290 8473
e: ineke_ogilvy@ipart.nsw.gov.au