

# RURAL AND REGIONAL BUS FARE REVIEW PUBLIC HEARING



2 November 2020

IPART is currently reviewing fares for rural and regional bus services for the 2021-2025 period. We released an Issues Paper in June 2020, and a Draft Report in early October 2020. We then held a virtual public hearing on our Draft Report on 20 October 2020. The public hearing is an important part of our review process and allows us to further consider stakeholders' views.

At the public hearing, IPART provided a brief overview of our findings and recommendations in the Draft Report followed by presentations made by the NSW Council of Social Service (NCOSS), the Combined Pensioners and Superannuants Association (CPSA), Council on the Ageing NSW (COTA) and BusNSW. The slides presented at the hearing are available on our website.

We thank stakeholders who participated in the public hearing. This paper summarises the main issues discussed:

- ▼ Broad stakeholder support for the proposed fares as a means of improving affordability for people who rely on rural and regional bus services
- ▼ Stakeholders welcomed the recommendation to expand half-fare concession eligibility but some would like to see jobseekers given access to the \$2.50 Regional Excursion Daily ticket
- ▼ It is unclear whether fare reductions will raise patronage, as fares are only one of many factors that drive bus use
- ▼ Support for improving information about fares and services, as well as retaining existing options for payment and booking for on-demand services
- ▼ Bus operators have had some difficulty negotiating contract payment adjustments with Transport for NSW following the 2018 fare reductions and this is likely to be an issue this time around too.

Submissions to the draft report including any matters raised at the public hearing closed on 30 October. We will be considering all submissions and undertaking our own analysis before providing a final report to the Minister for Regional Transport and Roads in early December 2020.

## Broad stakeholder support for the proposed fares as a means of improving affordability

Stakeholders were supportive of IPART's proposed fare reductions. Support was widespread among different attendees including, consumer representative groups and BusNSW.

Consumer representative groups NCOSS, CPSA and COTA welcomed the proposed lower fares and indicated reduced fares should make services more affordable for passengers, which is critical for rural and regional areas:

- ▼ NCOSS stated that people in rural and regional areas face significant transport disadvantage. People tend to prioritise rent and mortgage payments, bills and food expenses and struggle to afford transport. This results in social and economic exclusion and can leave people without access to essential services, employment, education and other opportunities. This can negatively impact on mental and physical wellbeing and the quality of people's lives.
- ▼ CPSA is supportive of the reduced fares and appreciated IPART's recommendation to make fares more affordable and consistent with Opal fares.
- ▼ COTA supported IPART's fare reductions and expressed its view that low cost fares contribute to variety of social and economic benefits. It argued that keeping fares low is essential for enabling travel for older people.

BusNSW supported the fare reductions, subject to bus operators being compensated for the loss of fare revenue. BusNSW noted that IPART's draft decision to reduce maximum fares, would make bus services more affordable, particularly for longer distance trips. In relation to on-demand services, BusNSW argued that adding a premium to the bus fare would be a tough sell especially when replacing a fixed route service.

### Recommendation to expand concession eligibility is welcome; some stakeholders would like jobseekers to be given access to the \$2.50 daily ticket

Stakeholders supported IPART's draft recommendations to expand eligibility of concessions to Commonwealth Healthcare card holders and other concessions to make transport more affordable to families and disadvantaged people. CPSA stated that the proposed \$5 daily ticket for fare bands 1 and 2 (\$2.50 concession) would be a big win for people.

Several stakeholders consider that more could be done. NCOSS, CPSA and COTA all asked IPART to consider recommending that the \$2.50 regional excursion daily (RED) ticket be made available to job seekers:

- ▼ NCOSS noted that for shorter distances the daily ticket price will equal the RED anyway. However, for people who need to travel longer distances, access to the RED ticket would greatly assist the vulnerable and disadvantaged.
- ▼ CPSA expects people over 55 years to continue to be one of the largest groups of recipients of JobSeeker payment in the long term so this group would be a major beneficiary of this measure.
- ▼ CPSA also noted that the average commute for people in rural and regional areas falls beyond the 1 and 2 fare bands, so for many people the half-fare daily ticket price would be more than 10% of the \$40 a day paid to Job Seekers.

NCOSS welcomed IPART's draft recommendations to assist vulnerable people. In its view, the increase in unemployment related to COVID is contributing to an increase in the number of people facing crises, such as, people experiencing homelessness and domestic violence. NCOSS supports IPART's draft recommendations to assist these people as they face greater transport disadvantage without alternative transport modes.

### It is unclear whether fare reductions will raise patronage, as it is one of many factors affecting bus use

The Tribunal asked stakeholders a number of questions around fare affordability and patronage (price and usage). The Tribunal noted that an increase in patronage was not observed despite a significant fare reduction in 2018. The Tribunal was keen to understand what drives patronage.

COTA mentioned that there is anecdotal evidence on the link between price and usage.

BusNSW noted that a number of factors impact bus usage. Members operating in regional towns point to the convenience of the motor car, with fewer barriers around parking and congestion, as the key factor influencing low patronage. Other factors such as price, service, frequency and coverage come in to play as well. BusNSW does not see patronage increasing as a result of the lower fares proposed based on the experience from 2018 reductions.

TfNSW commented that infrequent services can discourage use. TfNSW expects new initiatives including vehicle tracking, which tells people where the bus is, would make a difference. TfNSW's 16 Cities Program is aimed at providing more frequent services to give bus passengers improved services.

NCOSS mentioned that bus services in rural and regional areas are not always accessible for people with a disability. It argued that transport needs to be an enabler and not a barrier for people to participate in the community.

### Improving information about fares and services is important but while new measures are valuable, existing options should be retained

IPART's survey on rural and regional bus use suggested that people who do not use bus services assume fares are higher than what they really are. The Tribunal asked stakeholders questions about how fare reductions are communicated to people, as well as about centralisation of ticketing and fare/service information.

Stakeholders, including TfNSW and BusNSW, agreed that publicity and promotion of reduced fares may increase people's awareness and increase patronage. BusNSW suggested that awareness programs should be run centrally by TfNSW.

Stakeholders agreed that better information can encourage bus usage. COTA expressed the view that better information on route services and timetables should be made available. NCOSS indicated that better trip planning capabilities for people with disabilities is also needed as people can be left out from mainstream service provision. Transferring to new

systems can be overwhelming for some people, but convenience and other benefits can help people overcome these barriers. COTA and CPSA agreed that streamlining information is good, however, this shouldn't create additional obstacles to use and it is important that a range of different options (including cash payments and access to information over the phone) are available.

In relation to on-demand services, CPSA expressed the view that educational programs would be needed to promote these services among older people. They appreciated IPART's comments that maintaining booking capabilities over the phone are necessary. BusNSW noted the need to consider integrated ticketing for transfers between on-demand and regular route services.

### Bus operators will need to negotiate contract payment adjustments with TfNSW to make up for losses in fare revenue

BusNSW and Busabout Wagga Wagga felt that the proposed fare reductions would reduce operators' revenue as patronage is unlikely to increase to offset the fare reductions.

Many operators have not been able to negotiate a change to their contract payments with Transport for NSW following the 2018 fare reductions. The proposed fares would create a need for further negotiation. There is no set criteria in the contract to assess the impact to arrive at an agreement with TfNSW for compensation so operators would like clarity around this process.