

15 November 2010

Rural and Regional Bus Fares -2010 fare review

Summary

- NRSDC supports the proposal to move all operators onto the country town fare schedule so that the same fare is charged for the same distance travelled.
- We highlight the well documented social benefits, and associated cost benefits to governments, of access to affordable travel.
- We emphasise the importance of ensuring that any change to the fare structures does not result in a loss of services across rural areas.
- We urge IPART to consider the role fares have in either increasing or reducing public transport patronage in relation to ecological sustainability.
- We request IPART to consider the extension of existing fare concessions to a wider range of low income households to ensure that everybody who needs to catch a bus for essential travel has the capacity to do so.

Background

Northern Rivers Social Development Council (NRSDC) is a community-based not-for-profit organisation that promotes community wellbeing across the Northern Rivers of NSW. NRSDC welcomes the opportunity to make a submission to the IPART 2010 review of Rural and Regional Bus Fares.

The NRSDC Transport Development Project (TDP) 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.

This submission is made in the context of a range of indicators that point to high levels of disadvantage within the region. Compared to state averages, the region has low incomes, high housing costs, more single-parent families, more families with no employed parent, higher general levels of unemployment, and higher levels of income support and pension payments¹. These factors, in combination with low levels of passenger transport provision, low government investment in transport services and lack

¹ S Baum, K O'Connor & R Stimson (2005), *Fault Lines Exposed: Advantage and Disadvantage across Australia's Settlement System*, Monash University ePress.

of infrastructure all contribute to the area being highly transport disadvantaged. The relatively high cost of passenger transport fares in the region compared to those charged in metropolitan areas compounds the overall level of disadvantage in the region.

Fare Equity

The Council of Social Services (NSW) in their 2007 submission to the Ministry of Transport on bus fare affordability in rural and regional NSW highlighted inequities within the country bus fare pricing system. We are pleased to see that this issue has been recognised by IPART in their 2010 fare review and we support the proposal to move all operators onto the country town fare schedule so that the same fare is charged for the same distance travelled.

A recent report on the results of the 2010 Northern Rivers social priorities survey² identified that transport issues were considered to be of very high importance by 40% of respondents. The Northern Rivers has a high number of dispersed towns and villages and consequently a high need for people to travel between towns for work, education, social and medical reasons. The region experiences high levels of disadvantage in terms of income level, education and skill levels, access to services, labour force participation and private car ownership rates.

Intra regional bus fares remain high, making travel prohibitive for many people. For example the one way full price fare between Kyogle (a small town with minimal facilities) to Lismore (the nearest major centre 44kms away) is currently \$15.80. The child and concession fare is half of this, making a return concession trip fare of \$15.80. There are a number of people on low incomes who do not qualify for any fare concession who are paying \$31.60 each time they need to make this trip, or \$94.80 for a family of two adults and two children. Incomes in this region are comparatively low³ making bus travel at these fares unaffordable for many people. Any changes to the pricing system to reduce these costs will have a positive impact on the capacity of people in rural regions to access essential services.

The social benefits of access to affordable travel are well documented. The ability to access a range of resources in different locations results in improved physical health, social well being and employment opportunities. In a region such as the Northern Rivers where there is disproportionate disadvantage, reduction in rural bus fares has the potential to contribute to improved social outcomes by providing greater access to

² Geary, Kate August 2010 *Social Priorities 2010: a report on the results of the Northern Rivers social priorities survey*, NRSDC, Lismore, NSW

³ ABS data for this region (census 2006) shows that the median weekly individual income was \$378, compared with \$466 in Australia and the median weekly household income was \$758, compared with \$1,027 in Australia.

resources for people on limited incomes. The following quote from a respondent to the 2010 Northern Rivers social priorities survey illustrates this:

'Accessing and benefitting from services becomes problematic...if you are dependent on public transport ...because of the cost...low income persons who don't own a car become isolated...'

Maintaining Service Capacity

We emphasise the importance of ensuring that any change to the fare structures does not result in a loss of services across rural areas. Given the current high profitability of bus operators across country towns and rural areas in NSW⁴, added to the fact that the main part of bus operators' revenues is from contract payments, the equalization of fares proposed by IPART does not seem to provide a rationale for discontinuing or decreasing rural services. Lowering of rural fares is likely to result in more cost effective bus services due to a greater uptake by full fare paying passengers. The high cost of bus fares ranked as the second highest priority issue in the transport section of the 2010 Northern Rivers social priorities survey, indicating that this is a barrier to people using bus services. There is also a need to consider the overall cost benefit to governments through improved social wellbeing as a result of increasing subsidisation of bus fares. Although there have been significant improvements in travel fares for disadvantaged people in rural and regional NSW since 2009, there is still a group of people on low incomes who do not qualify for fare concessions, and concession equity remains an important issue in rural bus fare pricing.

Ecological sustainability

Lastly, IPART must consider ecological sustainability and the positive impact that a reduction of rural fares will have on influencing a shift in transport choices.

*'Transport is Australia's **third-largest source of greenhouse gas emissions**, and has the fastest growing emissions of any sector. Vehicles are the major source of the most common air pollutants in NSW urban areas – photochemical smog and particle pollution.'*⁵

NRSDC urges IPART to consider the role fares have in either increasing or reducing public transport patronage. Currently, in most situations, it is cheaper for people to drive to work as a single driver in a private car than to catch a bus. According to the ABS 2006 census data, only 568 people from a total of 86,340 employed people in the Richmond-Tweed area travelled by bus to work. Until full fare paying passenger bus fares are more affordable than driving a car this is unlikely to change.

⁴ IPART NSW October 2010 *Rural & Regional Bus Fares 2010 fare review* www.ipart.nsw.gov.au

⁵ Department of Environment & Climate Change, < http://www.livingthing.net.au/WYKD_w5.htm > accessed 3/10/08

We support the proposed option being considered by IPART to move all operators onto the country town fare schedule so that the same fare is charged for the same distance travelled, as this will result in greater fare equity across the Northern Rivers region. However, this may not result in making the bus service affordable for everyone and this is a key social justice issue in ensuring equity of access to services for all. We therefore urge IPART to also consider the extension of existing fare concessions, such as the Regional Excursion Daily (RED) ticket, to a wider range of low income households, to ensure that everybody who needs to catch a bus for essential travel has the capacity to do so.

If you have any queries please do not hesitate to contact Linda Wirf on (02) 66201815.

Sincerely,

A handwritten signature in black ink, appearing to read 'Davies', with a stylized, cursive script.

Tony Davies
Chief Executive Officer
Northern Rivers Social Development Council