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Dear Mr Cox

REVIEW OF BUS AND FERRY FARES

The Lower Hunter Councils Transport Group, which comprises officers and Councillors from the five Lower Hunter Councils of Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens, welcomes the opportunity to provide input to the current review of bus and ferry fares.

The situation in the Lower Hunter, in terms of the public transport market, travel patterns and service provision, is significantly different to that in Sydney. The system implemented in the Lower Hunter should have regard for these differences. Ideally,

- bus, train and ferry services in the Lower Hunter would operate under the same fares and ticket system;
- fares would be based on what the local market can bear; and
- it would be recognised that greater cost recovery could be achieved by encouraging greater use of public transport, rather than increasing fares.

The unit of travel for most people is what they travel in a day, not what they travel in a single trip. Successful public transport systems overseas use some form of time-based tickets and zone-based tickets combined. A possibility which could be explored is that of all-day tickets for single zone and multi-zone travel in the Hunter. For example, four zones could cover the urban areas of Cessnock, Maitland, Port Stephens and Newcastle-Lake Macquarie. Within each zone, there could be a single trip ticket and an all-day ticket and similar products for multi-zone travel (two or more zones). The all-day ticket could be priced at approximately twice that of the single trip ticket and the tickets should cover all modes.

Public Transport Funding and Cost Recovery

Public services such as health, education, and the police are provided with funding from taxes, for all to use. While efficiency of provision may be questioned by the public, these services are not expected to recover their operating costs. Why is the provision of transport treated differently? Why is there such a focus on cost recovery?

Many public sector transport service providers are dominated by a cost-reduction syndrome, as distinct from 'best value'. Service planning still appears to suffer from an overall directive to contain costs rather than respond to market demand and patronage potential.

The public transport system is provided for all to use. It is funded at a far lower level than that enjoyed by private road-based transport, particularly if one considers the full social costs of provision and use. Further, the benefits of increased modal share to public transport at the expense of single occupant car trips are enjoyed by the whole community (through decreased congestion and emissions, for example), not only the direct users of the public transport system. It is quite reasonable therefore that all should share the costs of public transport provision.

Charging for vehicle kilometres travelled

As an alternative or supplement to fares, additional funding for public transport could be derived from imposition of a charge for vehicle kilometres travelled (vkt). A vkt charge may encourage people to think about the amount (and potentially, timing) of their car use. Charges could be collected at registration, based on odometer readings. Different rates may apply depending on the emission profile of the vehicle and the availability of alternative modes (e.g. metropolitan versus country rates). Research indicates that there is a substantial gap between the perceived costs of car use (cost of petrol, maintenance and parking costs) and what the actual costs are (when infrastructure, environmental and social costs are taken into account). Charging for vkt may assist to make some of these costs more transparent, and encourage shifts to walking, cycling and public transport.

The Lower Hunter Councils Transport Group challenges IPART to progress such alternative forms of public transport funding.

Marketing and Promotion

Currently, there is virtually no marketing of public transport in the Lower Hunter. There is however, spare capacity on most services. The Lower Hunter Councils Transport Group considers that common branding and marketing of public transport collectively would enhance patronage growth. In the current climate of rising petrol prices, and the increasing incidence of diabetes and obesity, particularly in young children, there is a prime opportunity to market public transport and active transport.

The above issues have been raised in previous submissions by the Lower Hunter Councils Transport Group to IPART reviews of bus and ferry fares. In its determination on the Review of Fares for Newcastle Services (IPART, 2006, p. 10), it is stated:

The Tribunal would like STA and Newcastle Services to investigate ways to improve patronage so that the public transport provider can benefit from the expected population growth in its operating area and ease its dependence on fare increases as the chief means of increasing its farebox revenue. With the Ministry of Transport negotiating a new contract with Newcastle Buses, the Tribunal looks forward to seeing measures put in place to improve patronage levels and efficiency.

The Lower Hunter Councils Transport Group is not aware of any such action by STA to address IPART's directive. Indeed, some of the actions undertaken by Newcastle Buses have likely worked against increasing patronage. Timetable changes were introduced early in the year (it is understood that these were at the direction of STA, Sydney) which disrupted memory timetables. Problems occurred and further timetable adjustments were made on 22 April 2007, with inadequate notice given to patrons. Six months later, timetables showing the altered services still have not been printed for five of the fifteen route groups in Newcastle. If service frequencies are hourly (or less frequent), a change of several minutes can have a significant impact on patrons and make bus travel unviable. In the transition period, there were numerous examples of buses running excessively early, or excessively late.

Further disruptions to services occurred subsequent to the floods in early June this year. It is understandable that changes were required to service patterns at this time to ensure some degree of reliability for outgoing services from Hunter Street. However, any loss of patronage which occurred during this period should not be used to substantiate an increase in fares.

The submission by the Ministry of Transport to IPART on the current fare review is notable for its lack of justification for the proposed increases. It states:

Newcastle Services currently has a time-based fare system and this submission does not propose any change to that regime. A 6% increase is being requested in parity with the increase requested for metropolitan bus services. Newcastle Services' patronage has been declining and it is estimated that a 6% fare increase will increase farebox revenue by \$0.035 million (0.7% of current revenue). This amount will not increase the estimated contribution of farebox revenue to cost recovery (Ministry of Transport, 2007, p. 20).

The submission states that patronage on Newcastle Buses has been declining, without any supporting documentation. The Lower Hunter Councils Transport Group questions the validity of this claim. As noted above, the unusual events of June may have contributed to changes in patronage. More significantly, it appears, at least on anecdotal evidence, that patronage has actually increased, largely as a result of operation of the Fare Free Zone in the Newcastle City Centre. However, as those using buses in the Fare Free Zone do not "dip a ticket", they do not contribute to normal patronage counts, unless specific surveys are undertaken. It is a misrepresentation to show "patronage" on Newcastle Buses and exclude patrons of the Fare Free Zone.

TravelPass Products

The Pink TravelPass and the Yellow TravelPass are available for use in the Lower Hunter. The Pink TravelPass permits travel on all Newcastle Buses and Ferries services and the CityRail network between Telarah, Awaba and Toronto. Similarly, the Yellow TravelPass covers all bus and ferry services, and travel on the CityRail network between Thornton and Booragul. The pricing of the Pink and Yellow TravelPasses for use in the Lower Hunter is the same as that for travel passes of the same colours for the Sydney network, for significantly different service provision. The Lower Hunter Councils Transport Group does not support increases in TravelPass prices as part of the current review. Further, as stated in previous submissions, the Lower Hunter Councils Transport Group supports extension of TravelPass zones to include the rest of the CityRail network in the Hunter Region and the Central Coast.

The pricing of multi-trip tickets, such as TravelPass, should be set by the travel opportunities and services available in Newcastle, not by an arbitrary link to a similar coloured ticket in Sydney. TravelPasses should be priced at about the same as a TimeTen ticket under the current fare regime. Ten trips in a week is the normal commuter pattern, but some flexibility is needed. Ten trips cost \$24.00 using TimeTen tickets, and this should be the basis of TravelPass pricing.

Student Semester Tickets

The modal split for public transport at the University of Newcastle, at around 11% of trips, is more than double the average for the remainder of the Lower Hunter Region. Demand for parking at the University has increased significantly in recent years, however, it is University policy that increased demand be addressed through travel demand management projects, including greater use of public transport. The Lower Hunter Councils Transport Group supports introduction of a Student Semester Ticket, for unlimited travel by public transport in a semester, as one such measure.

The concept of a Student Semester Ticket has been successfully implemented in various university cities in Australia and overseas, with the objective of encouraging students' use of public transport for most of their daily travel. A key to the success of the concept, for both students and the Ministry of Transport, is to set the price of the ticket so that it is attractive to students but also increases fare revenue obtained from student travel. Preliminary modelling based on the Travel Modes Survey data compiled by the University each year indicates that if the Student Semester Ticket was priced at \$90.00, the total annual revenue from student fares would drop initially by approximately \$160,000, would break even when the modal split to public transport reached about 14% and could eventually generate income.

The new ticket would be a version of the TravelPass tickets currently available and would cover all services of Newcastle Buses and Ferries and CityRail services north of Wyee, including Scone and Dungog. The Student Semester Ticket should also allow travel on all private bus services operating in the catchment area of the University.

It is proposed that all enrolled students undertaking campus studies would be eligible to purchase the Student Semester Ticket. This would include full and part-time students, overseas students and full fee paying students, but would exclude external students, as they would likely not be regular travellers to campus.

In summary, the main points that the Lower Hunter Councils Transport Group would like to make are:

- ~~The Ministry of Transport's statements regarding patronage are not justified in the submission.~~
- There has been no apparent action in response to IPART's previous directive to investigate ways to improve patronage.
- Proposed price increases are not supported.
- Increases in individual fares may not translate to an increase in total revenue. In the Lower Hunter, there is significant potential to increase patronage, and therefore revenue, through promotion and improved services.
- New fare systems should allow changes between modes without penalty and provide incentives for greater public transport use, by capping the prices of daily, weekly and monthly travel.

If you would like to discuss any aspect of this submission, please contact me on telephone (02) 4974 2885 (Tuesday to Friday) or e-mail nmccabe@ncc.nsw.gov.au.

Yours faithfully



Natalie McCabe
LOWER HUNTER COUNCILS TRANSPORT GROUP

REFERENCES

Independent Pricing and Regulatory Tribunal, December 2006, *Review of Fares for Newcastle Services*, Transport - Report and Determination

Ministry of Transport, 2007, "Submission to the Independent Pricing and Regulatory Tribunal (IPART) on Bus Fares for 2008"