



Submission to the Independent Pricing and Regulatory Tribunal (IPART) on Bus Fares for 2008

Prepared by Jonathan Moylan, NUSA Welfare Officer
and the NUSA Welfare Collective

CONTENTS

Who we are.....	3
Students and Public Transport.....	3
Proposal by the Ministry of Transport.....	4
Service improvements.....	4
Response to the rationale for fare increase.....	6
Service considerations.....	7
Conclusion and recommendations.....	9
Contact information.....	10

Who we are

Newcastle University Students' Association (NUSA) represents all undergraduate students at the University of Newcastle and is entirely student-run and organised. We provide services, representation and advocacy on behalf of students to all levels of government, the university and other relevant decision-making bodies.

NUSA's Welfare Collective addresses issues such as student poverty, public transport and equity. NUSA's Welfare Collective has been instrumental in campaigning for the express bus services to the University, keeping concession fares for students and advocating for concession fares for international students. NUSA is generally involved in Newcastle Buses' consultation process during service changes, and also subsidises bus ticket costs for its members.

Students and Public Transport

According to a report published by the Australian Vice-Chancellor's Committee, nearly 40% of students receive income support such as Youth Allowance or Ausstudy¹. (Student income support payments are 18-37% below the Henderson Poverty Line)². Of those who do not receive income support, around 93% of students work in addition to studying. In total, 70% of full-time students are employed an average of 15 hours a week¹. While most unwaged people receive income support, students under 25 are *a priori* ineligible for support purely on the basis of their age, unless they can pass an independence test. Professor Ross Milbourne, UTS Vice-Chancellor and professor of economics, states that students "are forming the core of the new urban poor"³.

For various reasons, including poverty and lack of access to private transport, students are major users of public transport and are among the first to be affected by both service changes and fare increases. Currently, the laxity of service in Newcastle in terms of frequency and reliability of buses makes it difficult for students travelling between home, work and their place of study.

International students are also particularly affected by fare increases as they are ineligible for transport concessions. Although the Administrative Decisions Tribunal ruled in March 2006 that denying travel concessions to international students on the basis of nationality was discriminatory⁴, this ruling was overturned by an Act of Parliament⁵. Consequently, international students pay twice as much as other students do for bus services, despite the fact that they are no less disadvantaged. In fact, international students are further disadvantaged by restrictions on working imposed by their visa conditions⁶, lack of access to social security and other structural discrimination.

1 Long & Hayden, *Paying their Way*, Australian Vice-Chancellor's Committee 2001

2 *Proposals for reform to student income support*, Australian Council of Social Services (INFO 354) 2003

3 Milbourne, *Tax breaks at expense of poor*, Sydney Morning Herald, 8 October 2007

4 *Sydney University Postgraduate Representative Association (SUPRA) et al. v Minister for Transport Services et al.* (NSWADT 83), March 2006

5 *Transport Administration Amendment (Travel Concession) Act 2006*, 28 September 2006

6 *Conditions for Working While Studying*,

http://www.immi.gov.au/students/students/working_while_studying/conditions.htm, Department of Immigration and Citizenship 2007, viewed 18 October 2007.

Proposal by the Ministry of Transport

The elements of the Ministry of Transport proposal of most interest to NUSA are⁷:

- A 6% fare increase to Sydney metropolitan bus fares
- A 6% fare increase to Newcastle Services
- The retention of Newcastle's time-based fare system.

The Ministry of Transport proposes the same fare increase to both metropolitan and Newcastle services. Since the arguments for the fare increases in the two areas are different, NUSA proposes that the two fare increases be considered separately and according to the same criteria.

NUSA also asks that the Tribunal consider:

- a) The financial impact of the increases on passengers of low socio-economic status, including students;
- b) The level of service currently available in Newcastle;
- c) Any improvements to the service in Newcastle over the past year;
- d) The proportion of the total cost already being borne by students across the state, and;
- e) The changes in passenger numbers in Newcastle and the effect that a fare increase would have on this.

While NUSA agrees that service improvements are essential, the cost of this increase should not be passed on to users while the service in Newcastle has not been commensurately improved.

Service improvements

It should be noted that the service improvements indicated by the Ministry of Transport are different for Sydney metropolitan services and Newcastle services. For example, the \$960 million allocated for strategic infrastructure improvements include \$100 million for Victoria Road and \$524 million for the North-West T-Way, meaning that these two projects on their own account for two-thirds of the additional priorities budget⁸.

Since last year, Newcastle has seen only one significant change to the bus system, being a re-timetabling of existing routes. This timetable change did not include an increase in the frequency of the service or an increase in the number of routes. The change involved changing the timetables so that the buses had less time to get from their origin to their destination. The reasons for this change are uncertain since neither the quality of the roads, nor the speed limits, nor the speed of the buses increased over this period. Since these changes, NUSA collaborated in a 2007 survey where many students indicated in the comments section that their buses were unreliable. Several respondents indicated that buses were sometimes between 20 and 45 minutes late⁹.

The Ministry of Transport has indicated that \$115 million was allocated to provide new and replacement buses¹⁰. Although currently 42% of State Transit's fleet are of the

7 Ministry of Transport proposal, p. 2

8 Ministry of Transport proposal, p. 3

9 Gresham, *Results Survey Public Transport*, Newcastle International et al, 29 August 2007

10 Ministry of Transport proposal, p. 3

newer model (which are wheelchair-accessible)¹¹, only 25% of Newcastle's fleet on merely eight routes are of the newer model¹¹. This lag demonstrates that infrastructure investment is not evenly distributed across the network.

11 Newcastle Buses: Accessibility, <http://www.newcastlebuses.info/accessibility.php>, State Transit Authority 2007, viewed 19 October 2007.

Response to the rationale for fare increase

NUSA notes that patronage for Sydney metropolitan services has increased by 2.69% and that farebox revenue for Sydney metropolitan services has increased by 4.86%¹². It is understood that a fare increase is requested to cover the increasing costs of an expanding service¹³.

NUSA also notes that “patronage has been declining”¹⁴ in Newcastle and that a fare increase is being requested to compensate for the relevant decline in farebox revenue. Given that seemingly contradictory arguments are being given for the two increases, NUSA believes that fares should not increase in Newcastle as the Ministry of Transport has not made an adequate case for the increase.

Additionally, given that, over the past ten years, fares have increased by over 50%, the cost of the fares should be considered as a factor of the decreasing patronage. Should the Newcastle fare increases be approved, the cost increase would amount to 63% since 1997. Although when each fare increase is taken on its own, it does not appear to produce a significant financial pressure on passengers, these increases, when compounded, have quite a significant effect.

Fare increases for Newcastle Services, 1997-2007¹⁵

Year	Rounded single adult fare	Adult fare increase (and total average increase)	Equal to MoT request (if known)
1997-1998	\$1.90	+0.10 (+2.3%)	
1998-1999	\$1.90	+0.00 (+0.5%)	
1999-2000	\$2.10	+0.20 (+7.0%)	
2000-2001	\$2.30	+0.20 (+8.6%)	
2001-2002	\$2.40	+0.10 (+3.7%)	Yes
2002-2003	\$2.50	+0.10 (+0.46%)	Yes
2003-2004	\$2.60	+0.10 (+5%)	Yes
2004-2005	\$2.70	+0.10 (+2.89%)	Yes
2005-2006	\$2.80	+0.10 (+3.33%)	Yes
2006-2007	\$2.90	+0.10 (+3.8%)	Yes

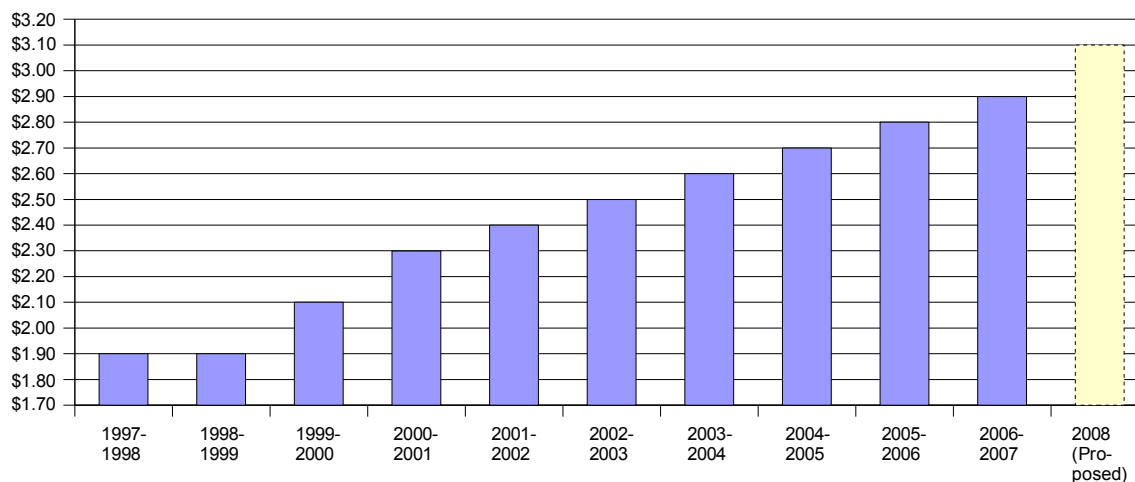
12 Ministry of Transport proposal, p. 9

13 Ministry of Transport proposal, p. 5

14 Ministry of Transport proposal, p. 20

15 Compiled from IPART reports on determinations from 2002-2007 at <http://www.ipart.nsw.gov.au>, viewed 23/10/2007

Bus fares in Newcastle, 1997-2007



IPART has long acknowledged the “high proportion of pensioner and concession passengers” in Newcastle¹⁶. NUSA considers that there are many reasons for this, including:

- a) The socio-economic make-up of the serviced areas in Newcastle;
- b) The reliance of students on public transport;
- c) The laxity of service, which makes public transport unattractive for full-fare-paying passengers; and
- d) The cost of the full-fare service, which in some cases makes private transport, or shared private transport, more attractive for short trips.

It is important to note too that since most routes in Newcastle are not more frequent than hourly, many passengers pay twice the 1 hour fare in order to take a corresponding bus. NUSA believes that the constantly increasing bus fare is not negligible as a factor in decreasing patronage.

Service considerations

In 2003, IPART declared that “in value for money terms, reduced service quality is tantamount to a fare rise”¹⁷. While there has been no tangible change to the public transport system in Newcastle over the past year, the rescheduling of the buses and the subsequent effect on reliability undermines the constancy of service, which certainly affects patronage. Additionally, despite the “decentralisation of Newcastle and movement of the population away from current service areas”¹⁸, as well as the increase in the region's population, there has not been a matching increase in service, either with regards to frequency, geographical extent or financial accessibility of the service. Arguably, there has been a reduction in service quality in Newcastle given that the service is becoming less and less suitable to the region.

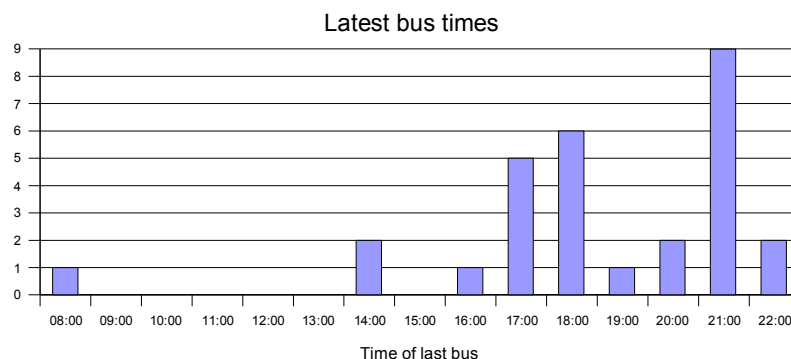
Of the 29 bus routes in Newcastle, 21 arrive only hourly on weekdays, and 2 come only once, or have no inbound service. Only 3 routes on weekdays arrive more frequently than once an hour on average. Six routes have no service on Saturdays, and 11 routes have no service on Sundays. Only 55% of routes have regular services on Sundays. 62%

¹⁶ IPART Determination on NSW Public Transport Fares, 31 August 2003, p. 6.

¹⁷ IPART Determination on NSW Public Transport Fares, 31 August 2003, p. 13

¹⁸ IPART Determination on NSW Public Transport Fares, 31 August 2003, p. 31

of services stop at or before 8:30pm, and no inbound service runs after 10pm¹⁹. While NUSA is encouraged that Newcastle Buses intends to trial late-night services for a six-month period²⁰, we are equally concerned that a lack of publicity for these services will lead to the trial being abandoned. Moreover, only 8 Newcastle routes are serviced by newer wheelchair-accessible buses¹¹.



NUSA believes that service improvements would increase patronage and farebox revenue. In a survey conducted jointly by NUSA, the University of Newcastle's International Department, the postgraduate association NUPSA, and Callaghan College (a local school), 77% of respondents indicated that they would use public transport more if services were improved. In addition, 71% of respondents indicated that they were dissatisfied or very dissatisfied with current services²¹. Many of these respondents were international students or others who pay full fares.

Consultation

NUSA welcomes the assessment of fare decisions by an independent tribunal which assesses submissions from community stakeholders as well as that of the Ministry of Transport. However, given that 47% of submissions refer to Newcastle services²², which service at least five times fewer passengers than Sydney metropolitan services do, NUSA believes that a forum should as a matter of course also be held in Newcastle to improve the accessibility of this decision-making process to community stakeholders.

19 Data compiled from Newcastle Bus timetables

20 Breaking News, <http://www.newcastlebuses.info/>, State Transit Authority 2007, accessed 23/10/2007

21 Gresham, *Results Survey Public Transport*, Newcastle International et al, 29 August 2007

22 IPART Submissions (2007 Review of Bus Fares),

<http://www.ipart.nsw.gov.au/submissions.asp?industry=4&inquiry=131>, IPART 2007, accessed 26/10/2007

Conclusion and Recommendations

As the proposed Newcastle fare increases would only amount to a \$35 000 increase in farebox revenue²³, NUSA strongly urges the Independent Pricing and Regulatory Tribunal to consider the financial impact that progressive fare increases have had and are continuing to have on students. Since this fare increase is the largest that Newcastle has had for seven years, NUSA encourages IPART to consider the fare increases not in isolation but in the broader context of a sustained fare increase of over 50% over the past ten years.

Additionally, given the differing reasons for the proposed fare increases in Sydney and Newcastle, NUSA believes that the Ministry of Transport has not made a strong enough case for fare increases, and asks IPART to defer any decision on fare increases until either the Ministry of Transport has made a sufficient case or the State Transit Authority has implemented significant service improvements in the Newcastle region.

Due to social, economic and environmental concerns, NUSA believes that patronage is a more important goal than cost recovery (although the former leads to the latter), and encourages the State Transit Authority to undertake marketing, service improvements and fare incentives to encourage more people to use the bus service in Newcastle.

NUSA therefore recommends:

- That the proposed 6% fare increase be deferred;
- That fares be reduced by at least 9% for such a period as service improvements have not been completed;
- That the time-based fare be retained for Newcastle;
- That the use of cash-free buses be encouraged and expanded;
- That STA investigate the use of smaller and more frequent buses during off-peak periods;
- That IPART set patronage targets for Newcastle Buses ahead of any further fare increase applications;
- That IPART set service targets for Newcastle Buses ahead of any further fare increase applications, and;
- That STA and IPART continue to pursue and enforce equity goals with regards to disabled passengers and passengers of lower socio-economic status, including students, without regard to nationality, ethnicity or any other factors.
- That a public forum be held in Newcastle regarding the proposal and any subsequent proposals which relate to Newcastle bus fares.

NUSA welcomes the opportunity to take part in transport consultative processes on behalf of our members and thanks IPART for the time taken in considering this submission.

²³ Ministry of Transport proposal, p. 20

Contact information

For more information about this submission, please contact:

Jonathan Moylan

Welfare Officer

Newcastle University Students' Association

Callaghan NSW 2308

Phone: (02) 4921 6006

Mobile: 0431289766

Email: c3038772@studentmail.newcastle.edu.au
nusa@newcastle.edu.au