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Dear Mr Cox

REVIEW OF FARES FOR BUS SERVICES ACROSS NSW AND NEWCASTLE FERRY SERVICE

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. Many of the issues noted in the following have been raised by the Lower Hunter Councils Transport Group in previous submissions to IPART and the Ministry of Transport.

In December 2007, Newcastle Buses and Ferries developed a proposal to update the bus network. The exhibition material proposed a series of strategic corridors, allowing relatively direct routing of buses between major centres. Strategic corridors, coupled with increased frequency of service, would have potential to attract new patrons.

The new network was to be implemented in early October, but is now to be implemented in late November. The final network is significantly different from the exhibited proposal. It appears that Newcastle Buses has responded to demands of existing patrons, a large proportion of whom are concession card holders, rather than focussing on potential new, full fare paying passengers. That said, Newcastle Buses is obliged to operate within constraints imposed by the Ministry of Transport and/or Treasury to contain costs. As such, the new network does not allow for significantly increased route kilometres and it is unlikely that most services will have better than hourly frequencies. These conditions are not conducive to significant patronage growth.

Proposed Fare Increases

The increase in fares proposed by the Ministry of Transport for Newcastle Buses' services was justified by the Minister on the basis of increased services and the purchase of new infrastructure. Certainly the former cannot be used to justify price increases for Newcastle Buses. The Lower Hunter Councils Transport Group considers that the same percentage increase applied to Sydney Buses should not apply to Newcastle Buses and that the proposed price increase is excessive.

The Ministry of Transport's submission to the review notes that "it is expected that patronage will continue to show increases into 2008/2009, as the price of fuel and growing awareness of climate change converts increasing numbers of motorists from private vehicle use to public transport" (p. 8). Further, the submission states that "[cost] recovery

levels in OMBSC areas have marginally improved in 2007/2008 to approximately 15% from the 14% achieved in 2006/2007 suggesting that, as described in section 2.1, any loss of revenue experienced in outer metropolitan areas as a result of reducing fares has been offset through increases in patronage" (p. 22). The Ministry's own submission indicates that the focus should be on increasing patronage, as a means to increase revenue, rather than increases in fares. We support this and consider that no fare increase should be granted and Newcastle Buses focus on increasing patronage.

The Lower Hunter, unlike Sydney, has spare capacity on most services to accommodate substantial increases in patronage without the need for capital expenditure on additional buses. Also, unlike Sydney, parking is free in most areas. Even in the Newcastle City Centre, all day parking can be procured for less than \$6.00 per day. Coupled with low frequency of service, there are few inducements in the Lower Hunter for car drivers to convert to public transport use. A further increase in fares without substantial improvements in service provision will lead to a reduction in patronage.

Before public transport can be regarded as a sustainable transport option, service levels have to be set at a basic frequency of quarter-hourly throughout the day (nominally 6am to 7pm) and half-hourly at other times. This basic frequency should apply seven days a week, with perhaps slightly later starts at weekends. In the Lower Hunter, apart from school peaks, the spread of trips throughout the day is fairly even. The additional buses that are used for school transport should be retained in service throughout the day so as to provide higher service frequencies and a local community transport service. Much greater consideration should be given to the fact that increased frequency only incurs marginal costs, and these costs will be covered from the increased revenue as the modal split for public transport increases gradually to the sustainable targets.

In addition to high frequency services, there are various other standards which will be conducive to making public transport convenient, safe and attractive. Of particular importance is the need to rigorously retain memory timetables so that travellers can easily remember what times services pass a particular point. To achieve an acceptable level of convenience, the service standards might be of this order:

- Public transport services operate at a frequency of at least 15 minutes during the day, and at least 30 minutes at night.
- Timetables maintain a memory pattern throughout the day, and as far as possible are the same for each day of the week.
- A majority of dwellings in urban areas are within five minutes walking time from a bus stop.
- Timetables are co-ordinated so that there is minimal waiting time with transfers at interchanges.
- Scheduled connections are guaranteed through the use of network communications and control systems.
- Service reliability is maintained with a specific limit of not more than one minute early or three minutes late at any advertised timing point.
- Special arrangements are adopted to maintain reliability when there are unscheduled disruptions.
- Bus connections with delayed trains are maintained.
- Vehicle cleanliness is maintained to a high standard throughout the day.

Alternatives to Cost Recovery through Fares

The issue of climate change is one which is now on the mainstream agenda. Innovative solutions are required to address this and other pressing issues in our society. Is it not time for a different approach to fares and financing of public transport? Farebox revenue does not cover the cost of service provision and substantial expense is involved in setting

up and maintaining the support infrastructure and services necessary to collect fares. When the cumulative costs of such infrastructure and services are considered - the ticketing machines, enforcement measures, staff time in calculating eligibility for travel cards and concessions etc. - one must question the value of such an approach.

The Lower Hunter Councils Transport Group has previously submitted that the whole community benefits by increased modal share to public transport - through decreases in congestion and improvements in air quality, for example. 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.

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) on private vehicles. 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.

Other mechanisms, such as road pricing and land value capture, have been proposed by the Ministry of Transport. The Ministry of Transport's submission to the Ministerial Inquiry into Public Passenger Transport (Parry Inquiry) stated that "public transport will always require a significant Government contribution, which is justified by the community and environmental benefits of public transport"; that "current funding is not enough to sustain service levels"; that "funding from new sources should be seen as additional capital and should not simply result in reduced Treasury allocations" and "if substantial fare increases were considered, then simultaneous road pricing/demand management measures would also have to be considered so people don't simply switch to cars" (2003, p. 1). The Ministry suggested various options for funding of public transport, including increased Treasury or Commonwealth contributions, reallocation of roads/transport funds and mechanisms such as land value capture.

Ticketing Proposal for the Lower Hunter Region

The Lower Hunter Councils Transport Group has previously argued that the unit of travel for most people is what they travel in a day, not what they travel in a single trip. 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.

It is understood that the Government is in the process of testing the market for electronic ticketing options, with a distance based fare structure. Successful public transport systems throughout the world operate largely on a combination of zone-based and time-based tickets. There are multiple examples which could be explored for use in NSW. The Lower Hunter Councils Transport Group also considers it critical that any new system should reward frequent public transport use, through caps on daily, weekly and monthly charges.

Student Semester Tickets

The Lower Hunter Councils Transport Group continues to support the concept of a Student Semester Ticket and has approached the Ministry of Transport to progress this initiative. 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.

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

Ministry of Transport, 2003, "Submission to Ministerial Inquiry into Public Passenger Transport"