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Mr James P Cox  
CEO and Full-time Member  
Independent Pricing and Regulatory Tribunal of NSW  
PO Box Q290  
QVB POST OFFICE NSW 1230

Dear Mr Cox

## REVIEWS OF PRIVATE AND PUBLIC BUS AND FERRY FARES 2005

I am presenting this submission on behalf of the Lower Hunter Councils Transport Group (LHCTG), in relation to the current reviews of bus and ferry fares. The LHCTG was formed in 2001 for the purpose of fostering a regional approach to public transport issues in the Lower Hunter Region. Members include officers and Councillors from the five Lower Hunter Councils of Cessnock, Maitland, Lake Macquarie, Newcastle and Port Stephens. Please note that a draft of this submission was forwarded to you on 15 August 2005. The submission has been finalised, following discussion at the meeting of the Lower Hunter Councils Transport Group held 18 August 2005.

In its submission to the Review of Private and Public Bus Fares 2004, the LHCTG argued that the benefits of increased modal share to public transport at the expense of single occupant car trips are enjoyed by the whole community, not only the direct users of the public transport system. Investigation of alternative methods of revenue collection was encouraged. It was noted that:

- fare collection slows buses by up to 25% of the trip time, making the bus trip significantly longer than the trip by car;
- on trains, fare collection involves significant expense and infrastructure;
- the fare system is not easily understood by non-users, and lack of knowledge about fares is a major deterrent to people making the change to public transport.

Unfortunately, the LHCTG is not aware of any such investigation occurring. Notwithstanding this, the LHCTG wishes to reiterate arguments made previously: alternative methods of funding of public transport, rather than collection of individual fares, warrant further investigation.

### ***Charging for Vehicle Kilometres Travelled***

Ideally, the alternative would be one that shares the costs of provision of public transport across the whole community, through a price mechanism that encourages people to think about the amount (and potentially timing) of their car use. For example, a charge for vehicle kilometres travelled (vkt) could, depending on the amount, provide significant incentive to drive less. Charges could be collected at registration, based on odometer readings. Different levels may apply depending on the emission profile of the vehicle, and potentially, on the availability of alternatives (e.g. metropolitan versus country rates). Research indicates that there is a substantial gap between the perceived costs of car use

(cost of petrol, perhaps 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. Public transport would not be charged on an individual trip basis, but funded through the vkt charges. Alternatively, the vkt charge could provide the majority of funding and reduced charges applied to public transport use.

The LHCTG challenges IPART to progress such alternative forms of public transport funding, as outlined above, rather than collection of individual fares.

In the interim, the LHCTG offers the following comments in relation to pricing of bus and ferry fares in the Lower Hunter.

### **TravelPass Products**

Two TravelPass products which may be purchased for travel on trains, buses and ferries in the Lower Hunter Region are the Pink TravelPass and the Yellow TravelPass. Several points about these products are notable:

- 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. However, details of the relevant travel zones are not shown on the web pages for the stations (CityRail web site).
- The TravelPass products for the Lower Hunter seem to appear only on the web site for Newcastle Buses, albeit without details of the extent of train services available. There does not appear to be any information on the Lower Hunter products on the CityRail web site in the TravelPass section. Details of the extent of coverage were obtained by telephoning 131500. One questions why this information is not more readily available.
- 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 current pricing of travel passes and lack of information offer little incentive for purchase. The LHCTG encourages consideration of decreasing the prices of travel passes in the Lower Hunter, and promotion of their availability. Newcastle University students and City Centre employees are potential target groups for these products.

### **Bus Reform**

In its submission, the Ministry of Transport stated that:

*Complete harmonization of fares in the Outer Metropolitan areas will require State Transit's Newcastle Services to move to distance-based fares from its current time-based system. However, the Ministry feels that this should wait until a fully integrated bus network is introduced for Newcastle and surrounding areas as part of the Bus Reform process. The roll out of such an integrated network is anticipated from 2007 (p. 5).*

The LHCTG considers that the system implemented in the Lower Hunter should be the best for the Lower Hunter, not based on what is in operation elsewhere, or changed for the sake of uniformity. There is little discussion of the Lower Hunter in the Ministry of Transport submission. Further investigation and modelling specific to the Lower Hunter is warranted to justify any changes to the current fare system.

Fares and ticketing systems should be easy to understand. Newcastle Buses has possibly the simplest fare system in Australia, with no complications or exclusions. Travellers have unlimited travel over the network for the time period that they pay for: one hour, four hours or all day. Consideration should be given to extension of the time-based

fare system to the private network, due to its simplicity. The minimum fares on Newcastle Buses are, however, relatively high, thereby negating some of the benefits of this initiative. There needs to be a rearrangement of the time-bands to provide for short-distance travel at the industry-standard fare.

Adoption of a distance-based fare system, similar to that in the Sydney Metropolitan Area, would likely result in significantly higher fares for Lower Hunter residents and the need to pay fares for each boarding. In a report to Lake Macquarie City Council's Strategy Committee, which discussed the impacts of the Unsworth Report on Lake Macquarie (05ST17 *Impact of Unsworth Report on Lake Macquarie*, 7 March 2005) it was noted that under fare harmonisation, all Newcastle Buses fares would increase, and that fares for long trips and those involving more than one bus would increase by up to 200% (05ST17 Appendix A, p. 79). It noted that while a common fare scale and ticketing system for both government and private operators is desirable, accurate modelling should be undertaken to determine efficient operation costs and patronage potential in the Lower Hunter, rather than applying results derived from modelling undertaken for Sydney. The LHCTG supports this approach.

Increases in individual fares may not necessarily translate to an increase in total revenue. The elasticity of public transport demand in the Lower Hunter may be such that total revenue actually decreases if individual fares are increased. In the Lower Hunter, there is significant potential to increase patronage through promotion and improved services. When integrated fares were introduced in South East Queensland in July 2004, patronage increased by 10.7% in the first two months and revenue increased by 11% even though 60% of fares were cheaper under the new integrated fares system (Media Release, Queensland Minister for Transport and Main Roads, Paul Lucas, 27 September 2004).

The Ministry of Transport has undertaken to prepare a public transport plan for the Lower Hunter, which is to be released in the near future. It is hoped that the community will be provided the opportunity to comment on the plan, including the fare structures and other potential funding sources. While the system outlined in the previous section of this submission, that of a vkt charge, could be applied throughout NSW (indeed, Australia) there are other possible models suitable for implementation on a regional basis.

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

Yours faithfully



**Natalie McCabe**  
**LOWER HUNTER COUNCILS TRANSPORT GROUP**