



Council of Social Service of New South Wales

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13 June 2013

Review of fares for metropolitan and outer metropolitan bus services
Independent Pricing and Regulatory Tribunal (IPART)
P.O. Box Q290
QVB Post Office NSW 1230

Dear Sir/Madam,

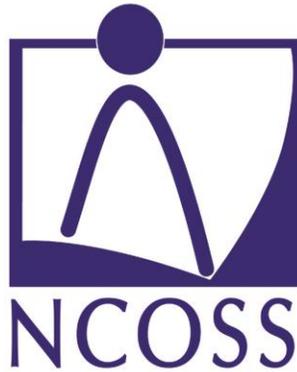
Thank you for the opportunity to make a submission to the IPART review of fares for metropolitan and outer metropolitan bus services from January 2014. We hope that our submission will assist the Review process.

NCOSS looks forward to further engagement in the Review, including participating at your roundtable discussion in Sydney later this year.

If you have any questions regarding our submission, or would like to discuss further, please contact Robyn Edwards, Senior Policy Officer on 9211 2599 ext. 128 or robyn@ncoss.org.au

Yours sincerely

Alison Peters
Director



Submission to the

**IPART REVIEW OF FARES FOR METROPOLITAN AND
OUTER METROPOLITAN BUS SERVICES**

June 2013

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Ph: 9211 2599, Fax: 9281 1968

About NCOSS

The Council of Social Service of NSW (NCOSS) is the peak body for the non-government community services sector in NSW.

NCOSS has a vision of a society where there is social and economic equity, based on cooperation, participation, sustainability and respect. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving this vision in New South Wales.

Established in 1935, NCOSS is part of a national network of Councils of Social Service, which operate in each State and Territory and at the national level.

NCOSS membership is composed of community organisations and interested individuals. Member organisations are diverse including unfunded self-help groups, children's services, registered training authorities, emergency relief agencies, chronic illness and community care organisations, family support agencies, housing and homelessness services, mental health, alcohol and other drug organisations, local indigenous community organisations, church groups, peak organisations and a range of population-specific consumer advocacy agencies.

NCOSS has experience and expertise in the policy area of transport. This includes providing policy advice to government on responding to transport disadvantage, contributing to Reviews and Inquiries aimed at improving the public transport system in NSW and advocating for more equitable and accessible transport options for diverse population groups.

Recommendations

1. NCOSS recommends that in its price determination IPART considers the wider social policy landscape, and the social and environmental imperatives to extend patronage of public transport, including buses, in Sydney. Price signals can be an important strategy to maintain and extend patronage.
2. That in its price determination IPART recognises the social benefits provided by buses in reducing social disadvantage.
3. That IPART includes *affordability* and *encouraging modal shift* as two additional pricing principles for fare setting.
4. That any proposed fare increases are delayed until well into the full implementation of the Opal card across Sydney.

1. Introduction

This NCOSS submission aims to contribute to the current IPART review of fares for metropolitan and outer metropolitan bus services from January 2014.

In preparing our submission, NCOSS has considered IPART's Transport Issues Paper, May 2013. We applaud and endorse IPART's up-front statement that passengers on public transport services should not have to pay the full cost of providing these services, because public transport provides benefits for the community at large, not only for those who use the services. Indeed, provision of public transport serves to meet a number of social policy objectives important for the conduct of civil society. Public transport is also a more sustainable option for our city and environment, when compared with the private car.

In preparing our submission we have also consulted with our stakeholders including members of the NCOSS Transport Policy Advice Group (TPAG). NCOSS has a history of working across key social policy areas including transport and this cross-sectoral understanding is reflected in our submission.

Our submission responds primarily to questions relating to the social impact of the price determination, rather than questions of a more technical nature.

2. Context for the Review

The NSW Government released its 20-year NSW Long Term Transport Master Plan in December 2012. The Master Plan has a number of ambitious goals, including extending patronage of public transport and reducing road congestion in the Sydney metropolitan and outer metropolitan areas. The Plan notes that buses have an important role to play, 'Buses are a key component of the overall transport system expanding the rail catchment area and providing an important intermediate mode for cross-regional connections'¹. NCOSS argues this understates the role of buses in Sydney, because buses are sometimes the only public transport mode in parts of Sydney, for example North West Sydney, Northern Beaches and parts of outer western Sydney, where currently no heavy or light rail is available.

Any long-term strategy to extend patronage of public transport needs to consider affordability issues and price signals. Currently some trips in Sydney can be cheaper for a person driving their private car rather than catching public transport. A group of young adults, for example four friends, may find it cheaper to travel together in their car, rather than purchasing four separate fares on public transport. This may also be the case for a family of four, despite concessions including the 'Sunday Funday'.

The NSW Government has also released its Draft Metropolitan Strategy for Sydney², with the theme 'a strong global city, a liveable local city' and focusing on the social policy areas of housing, jobs and transport. The Strategy aims to make Sydney a more liveable city and reduce road congestion. With a full bus able to take 50 cars off the road, and road congestion estimated to cost Australia \$20 billion by 2020, the humble bus clearly has a significant role to

¹ NSW Long Term Transport Master Plan, 2012, p 346

² Draft Metropolitan Strategy for Sydney to 2031, NSW Government, March 2013

play in modern-day Sydney³. The Transport Master Plan also promotes a long-term vision of Sydney as an economically competitive global city, where transport is able to meet both social and economic goals. The Plan states that 'improved public transport networks will increase productivity and global competitiveness'⁴.

Recommendation: That in its price determination IPART considers the wider social policy landscape, and the social and environmental imperatives to extend patronage of public transport, including buses, in Sydney. Price signals can be an important strategy to maintain and extend patronage.

3. Reducing social disadvantage

One of the eight key objectives of the Transport Master Plan is to reduce social disadvantage⁵. To this end Transport for NSW is currently developing a Social Access Framework to improve access to public transport for the diverse population groups which make up greater metropolitan Sydney, including people on low and fixed incomes. Here buses play a crucial role. Data from the Bureau of Transport Statistics (BTS)⁶ shows that people travelling on buses include more users in the lowest income bracket than other public transport users. In addition, more women than men use buses, possibly related to the perception that buses are safer. The NCOSS transport project we are currently conducting in Sydney's inner west has gathered data from older people who regularly use buses as their major form of transport. Data collected from focus groups held at a local Neighbourhood Centre demonstrated how buses were often a life-line, allowing older people living alone to get out of their homes, participate in and contribute to community activities and remain independent.

The Social Access Framework emphasises a conceptual understanding that transport is not only about infrastructure and routes, as it has been traditionally seen. It is about the people who use public transport and their access or otherwise to transport. It is also about social inclusion because transport enables people to participate in the wider community.

Recommendation: That in its price determination IPART recognises the social benefits provided by buses in reducing social disadvantage.

4. IPART's proposed pricing principles

NCOSS supports IPART's principles for pricing outlined in 6.3. In particular we are pleased that equity has been included as one of the principles. Equity is a key principle which NCOSS identified should drive fare concessions in NSW, as outlined in our paper 'Fare Concessions: Transport Concessions and Subsidies in NSW'⁷. We note that any increase in bus fares recommended by IPART, if implemented by the Government, will negatively impact people eligible for concession fares, as concessions are generally calculated as a percentage of full fare. Furthermore, any fare increases impact disproportionately on people dependent on fixed

³ Moving Australia 2030

⁴ NSW Long Term Transport Master Plan, p 30

⁵ NSW Long Term Transport Master Plan, p22

⁶ Bureau of Transport Statistics, Transfigures, Jan 2013

⁷ NCOSS (2013), 'Fare Concessions: Transport and Subsidies in NSW', Sydney

and low incomes. For example, young apprentices, part-time workers and workers on low incomes receive no concessions; they need to pay full fares and will be impacted negatively by any fare increase.

While we support IPART's principle of price signalling, we argue this should be used primarily to stimulate and extend bus patronage, not solely to stimulate or shift demand to off-peak. We are concerned by the fall in patronage during 2009/10 identified in the Issues Paper, and question that the downturn was solely a result of the global financial crisis and its effect on employment (as advised by Transport for NSW). NCOSS is concerned that some bus routes in Sydney (for example those more suburban, circuitous neighbourhood routes) have been removed on the grounds of low patronage and claims they are 'uneconomic'. Removal of bus services removes a whole group of customers, who may never return to bus use. Growing patronage on buses should be a strategic goal which all agencies, including IPART, work towards.

NCOSS argues that IPART include *affordability* as one of its pricing principles for fare setting. Clearly there is no point providing a public bus service if passengers cannot afford to get on the bus. We also support the recommendation made by Action for Public Transport (NSW) in its submission, to include the principle of encouraging modal shift from the private motor car to public transport.

Recommendation: That IPART includes *affordability* and *encouraging modal shift* as two additional pricing principles for fare setting.

5. Implication of fare changes on passengers

As noted in the Issues Paper, bus fares increased in January 2012 by an average of 5.1% and in January 2013 by a further average of 3.0%. Even though these fare increases are modest, we suggest that bus passengers will not be ready for further increases.

NCOSS cautions the IPART against recommending an increase to fares on buses, in this price determination period. There is a strong narrative in Sydney around buses; that they are notoriously slow, late, unreliable and infrequent. Even though this is clearly not always the case passengers do tend to remember the 'worst case scenario'. We argue that in the passengers' minds there will be no justification for any increase, even a small increase. Equity considerations are important here as people on low incomes not in receipt of concessionary fares will be impacted disproportionately. While people on higher incomes often have transport choices including use of their private car, for people on low and fixed income their only option may be the bus. As noted in your Issues Paper, the State Government has said that there will be no increase to public transport fares (over and above any CPI) until there are demonstrable improvements in customer service.

NCOSS argues that any fare increases will negatively affect affordability. Furthermore, fare increases will have the reverse effect of extending patronage.

On a more pragmatic level, with the forthcoming introduction of the Opal card, it is critical that strategies be employed to stimulate uptake of the new electronic ticketing. Buses will present the real challenge for Opal, given the need for customers to both tap on at the beginning of the

journey and tap off at the end. It will be counter-productive if passengers associate potential fare increases in January 2014 with the commencement of Opal.

Recommendation: That any proposed fare increases are delayed until well into the full implementation of the Opal card across Sydney.

6. Conclusion

NCOSS is encouraged by IPART's Issues Paper which clearly articulates that any price determination needs to incorporate the external benefits of bus services, including reduced road congestion, traffic accidents and air pollution. Furthermore, we recognise that the IPART proposed approach to setting bus fares is rational, efficient and balanced.

However, our position is that the primary considerations at this time are social policy objectives and the imperative to drive environmentally sustainable transport options. Therefore NCOSS is cautioning against any bus fare increases for metropolitan and outer metropolitan bus services. Buses are a key service for many disadvantaged groups and people on fixed and low incomes; any fare increase will disproportionately impact these groups, not all of which receive concessionary fares. Price signals need to demonstrate affordability of bus travel and contribute to the extension of bus patronage. Finally, buses help to get cars off Sydney's congested and gridlocked roads. They provide a service which provides significant benefits to the travelling public, as well as meeting Sydney's goals to become a liveable city.

NCOSS notes that if IPART does move to increase bus fares, the State Government can act in the public interest to keep fares at their current levels.

References

Bureau of Transport Statistics (2013), *Transfigures*, January 2013, Transport for NSW, Sydney

IPART (2013), *Review of fares for metropolitan and outer metropolitan bus services from January 2014: Transport Issues Paper*, Independent Pricing and Regulatory Tribunal, Sydney

Moving People 2030 Taskforce, *Moving Australia 2030 – A Transport Plan for a Productive and Active Australia* (2013), Canberra

NCOSS (2013), *Fare Concessions: Transport Concessions and Subsidies in NSW*, Council of Social Service of NSW, Sydney

NSW Government (2013), *Draft Metropolitan Strategy for Sydney to 2031*, Sydney

Transport for NSW (2012), *NSW Long Term Transport Master Plan*, NSW Government, Sydney