



***Making it Fair, Keeping it Affordable :
Transport concessions in NSW***

COUNCIL OF SOCIAL SERVICE OF NSW (NCOSS)

Submission to:

**Public Transport Authority's
Review of Public Transport Concessions in NSW**

December 1999

Recommendations

1. That social impact modelling be undertaken for all options for extending the Pensioner Excursion Ticket (PET) where increased cost of the PET is being considered
2. That the Public Transport Authority (PTA) consult with NCOSS and other peak community groups after economic and social modelling of options for extending the PET has been undertaken.
3. That objectives be developed for the transport concession program which recognises the affordability and mobility that concessions provide and which link mobility via public transport to social and economic participation and more broadly to health and well being.
4. That the PET be extended to areas serviced by private bus operators as a matter of urgency.
5. That extending the PET to all pensioners and beneficiaries include social and economic modelling of the following options:
 - no change to the cost of the Pensioner Excursion Ticket;
 - no change to the cost of the Pensioner Excursion Ticket for pensioners and beneficiaries, but increase the PET cost (say at \$2 and \$3 in Sydney) for non-pensioner Seniors Card holders;
 - no change to the cost of the Pensioner Excursion Ticket for pensioners and beneficiaries, but introducing half-fare concessions for non-pensioner Seniors Card holders;
 - increasing the cost of the PET (in Sydney) to a maximum of \$2.
6. That students in private bus operated areas be entitled to the same concession arrangements as those in STA bus areas. Further, that a single student concession card across all modes and operators be introduced.
7. That the Government identify a mechanism to enable low income employed people who don't receive a pension or benefit, to access transport concessions using income testing arrangements
8. That consideration be given to raising the price of the PET for non-pensioner Seniors Card holders and that social impact modelling be undertaken on this option.
9. That as an option to improve concession access for people in rural areas, the Department should model for the extension of the kilometre limit of Countrylink Ticket to enable the user to reach a regional hub and for the ticket to be used to access any local private bus services in the region of the destination.
10. That the Government consider re-naming the PET as the "Access Ticket" to correctly identify the broader range of users, to remove stigma associated with the ticket and in recognition that the ticket assists with accessing basic daily essential activities, not simply 'excursions'.
11. That should the Department of Transport contract out the delivery of transport concession cards, then cards must be available at the local level and the managing agent must have appropriate knowledge of social policy and social security issues

12. That the NSW Government fund a Concessions Unit to develop consistent policy across all concession programs, and to review and monitor such programs

13. That in 2000, the NSW Government trial a Concession Smart Card for state-based concessions

14. That the Government fund a concession on the 'station usage fee' at Green Square and Mascot rail stations and ensure all future contracts with private operators include concession arrangements on similar fees.

15. That any proposals to increase the cost of the PET be modelled for impact on elasticity of demand.

1. Introduction

NCOSS is the peak body for the social and community services sector in NSW and seeks to represent the interests of low income and disadvantaged people. Through our membership we represent approximately 6000 community service organisations in NSW.

NCOSS believes the goals for public transport should be to:

1. maximise the community's access to transport with high quality, convenient services; and
2. provide mobility at a price which is affordable to the individuals involved.

NCOSS believes that transport concessions make available to low income people, mobility essential for daily life. A concession while reducing the cost of travel does not necessarily make travel affordable per se. Thus, affordable concession arrangements are essential and concessions should be set at a price which has been assessed for social impact upon a variety of low income groups of people. Transport concessions should also be available to people on low incomes on the basis of assessment of need.

NCOSS is concerned that transport concessions only reduce financial hardship for people on low incomes who have access to adequate public transport infrastructure and services. Across NSW there are vast differences in the adequacy of these arrangements. In particular, people who live in Western Sydney and in all regions outside of the Sydney area are disadvantaged in this regard. Although levels of public transport infrastructure are not the subject of this Review, clearly for some people in NSW, a debate about a more equitable concession program is irrelevant without a debate on adequate service levels.

NCOSS considers public transport to be an essential service. As such, public transport requires government resources in instances where market demand alone will not sustain services where communities require them or when the cost is prohibitive to some users.

It is argued below that there now exists in NSW, geographical regions where both social and transport disadvantage are mirrored. An affordable and equitable transport concession program must be implemented as soon as possible to redress this disadvantage.

2. The role of public transport for disadvantaged and low income people

The latest (as yet unpublished) data from the Household Travel Survey¹ (for the Greater Metropolitan Region) demonstrates that people with incomes of less than \$20,000 are the highest public transport users of any income group. Public transport use declines for people earning more than \$20,000. Public transport is an essential service for low income earners and often the only transport mode which is affordable to them.

¹ Presentation by Manager of Transport Data Centre in November 1999.

Public transport use for older people is also higher for lower income older people and also declines with increasing income levels². Thus it plays a critical role for older people's mobility. Transport is critical for older people's continued independence and social participation, as well as for their access to health and community services³. This need may increase as they get older, at a time when income levels decrease due to retirement.

Data from the Household Travel Survey⁴ indicates that older people's trips are increasing as is their car use to undertake these trips. Despite this evidence, public transport remains the key to mobility for *low income* older people and the role of concessions in providing access must be retained.

For many people with either a physical or intellectual disability, or a mental illness, the capacity to drive may not be possible and hence passenger transport becomes the only option and is thus an essential service.

3. The Review process

NCOSS welcomes the opportunity for a review of eligibility guidelines for the Pensioner Excursion Ticket. We also welcome an opportunity to address other anomalies in the transport concessions program. However there are some issues which are not canvassed in this review which should be in order to adequately address the issues of low income people. These programs also impact on the transport concessions program; they are the School Student Transport Scheme (SSTS) and the Taxi Transport Subsidy Scheme (TTSS).

NCOSS believes that the SSTS as a subsidy to private bus operators, while not a user concession, has a critical role in shaping the development of transport services in all regions where it applies. The government's substantial funding commitment to the private bus system requires a process for regularly review so that it can better meet the needs of other users in addition to school children. In many rural communities, school buses are the only form of public transport available, but only operate during school terms. Currently holders of these contracts cannot develop additional services without the consent of the Department of Transport and the 'minimal service levels' system which operates does not encourage enhancement of service levels to meet other users needs.

In addition, the TTSS is the only transport concession that people with a severe physical disability can access. In this regard, it is disappointing it will not be covered in the review. M50 registered taxi users have such severe physical disabilities that they cannot transfer from their wheelchairs in order to travel in regular cabs. They are therefore forced to use the much more limited service provided by wheelchair accessible taxis which, in turn, involves them in additional expenses such as phone booking and the extra waiting time for loading and securing their wheelchairs. The current level of subsidy for accessible taxis is still inadequate given the low income of most people with a severe physical disability.

² Office on Ageing (Sinclair, Knight & Mertz), "Older People's Travel Patterns and Concessions: an initial appraisal", October 1994.

³ Office on Ageing, "Transport: Directions on Ageing in NSW", 1990, pg iv.

This makes their transport access inequitable compared to other people of similar income level.

NCOSS is concerned that issues related to social policy and equity are thoroughly examined in this review. The Public Transport Authority (PTA) undertaking the review, has a membership with expertise in transport service delivery. It has limited expertise in the social policy issues critical to the issue of concessions. The Department of Transport has similar limitations. The PTA must undertake a social impact assessment for all of the options considered for either extending the Pensioner Excursion Ticket or changing other existing concession arrangements where price increases are proposed. Further, the PTA should seek external advice from social policy experts prior to making final recommendations to the Minister. This expertise could come from social policy academics, other governments departments such as Ageing, Disability Department and from social policy peak groups such as NCOSS.

4. The current situation for people on low incomes in NSW

4.1 Who is disadvantaged?

Whilst the NSW economy has been in growth during the last few years the benefits of this growth have been spread very unevenly. Many individuals, families and communities are continuing to “do it hard”. One of the most alarming trends highlighted in a number of reports released in the past year is the increasing concentration of wealth in the hands of fewer people and a consequent widening gap between rich and poor. In the three years to 1998 weekly incomes for the bottom 20% of earners rose by \$7 a week to \$124. At the same time the income for the highest 20% rose by \$121 per week to \$1590 per week.

The unevenness of the flow on of the benefits of economic growth can now be mapped. Speaking generally, the wealthier areas of Sydney are the main beneficiaries of growth in employment and increased economic activity. Regional and Rural NSW, Western and South Western Sydney and some inner Sydney areas experience high levels of unemployment and poverty. There are now identifiable areas within NSW where there is a concentration of disadvantage and social deprivation.

It is also evident that an interrelationship exists between disadvantages in housing, income, education, employment, transport, health and social services. Planning to meet social need must enable the development of local and regional responses and involve a holistic approach by government in order to plan for needs. This should involve a coordinated government approach across the departments of health, transport, housing, employment and community services.

A number of recently released reports detail that this growing social divide is concentrated in identifiable localities, often between urban and rural communities and between Sydney and its outer urban fringes.

A recent report released by the Jesuit Social Services⁵, reveals that there exists a group of postcode areas which account for a large percentage of the locations which rank highly on the 9 indicators (unemployment, long-term unemployment, unskilled workers, left school before 15, low income, child abuse, low birth-weight, court convictions, emergency assistance) used to measure disadvantage within NSW. On a per capita basis, the top 30 disadvantaged areas accounted for:

- four and a quarter times their share of child abuse;
- three and a quarter times their share of emergency assistance;
- three times their share of court convictions and long term unemployment;
- twice their share of low income households;
- a little under one and a half times their share of under 15 years school leavers.

Five Newcastle postcode areas were within the top 30 ranking suburbs.

The St. Vincent de Paul Society reinforces these findings in a report looking at poverty and wealth in the Greater-Western Sydney⁶, which found that despite growing wealth and a long-term decrease in unemployment, poverty in Western Sydney is being increasingly concentrated in particular pockets. This reflects in the very high level of unemployment in some suburbs (the highest being 38.1% in Claymore) and very low levels in other suburbs (1.2% in Nelson). The report shows that the suburbs with the highest levels of social disadvantage have:

- the highest unemployment rates;
- the highest concentrations of unskilled workers (35.5% of workers are unskilled in Claymore compared to just 9.4% in Dural. This pattern reflects recent trends in many industrialised nations, which show that the groups with lowest socioeconomic status and the most limited occupational skills benefited least from improvements in the economy);
- the highest concentrations of Aboriginal people in Western Sydney;
- the highest percentage of people living in public housing;
- the highest percentage of single-parent families;
- the greatest number of calls for assistance to the St Vincent de Paul Society (ie. the North Mt Druitt area, the large public housing estates of Campbelltown City, Doonside and the Upper Blue Mountains);

4.2 Why are they disadvantaged?

As the research cited above demonstrates, there are a number of indicators for disadvantage. It is the compounding nature of indicators of disadvantage that make for the 'localities of poverty' as described by the research above. And while people may move to the urban fringe or the Central Coast to escape high living costs in Sydney, this may be off-set by factors such as less employment opportunities or increased isolation due to expensive transport costs.

Housing affordability in Sydney in particular and in NSW generally continues to be a significant problem for people on low and moderate incomes. The National Housing

⁵ Vinson, T (1999), *Unequal in Life: the distribution of social disadvantage in Victoria and NSW*. Jesuit Social Services: The Ignatius Centre

⁶ The Society of St Vincent de Paul, Parramatta and Wollongong Diocesan Councils (1999), *The Great Divide: poverty and wealth in Western and Outer South Western Sydney*.

Strategy benchmark for housing affordability is 25-30% of income and housing stress is defined as housing costs in excess of 30% of income for people in the lowest 40% of the income distribution range.

The number of lower income households for whom housing is not affordable has almost doubled in ten years. The proportion of all lower income households who are paying more than 30% of their income on rents or mortgages has risen from about 15% to more than 20% - 250,000 lower income households in NSW (i.e. those with income less than \$34,500 p.a.) pay more than the 30% of their income on rent or mortgage payments⁷.

In NSW 25% of low income households (approximately 500,000) are regularly unable to pay for essentials such as food, clothing, health care and transport and can be described as experiencing after housing poverty⁸.

Many low and middle income households are paying unacceptably high proportions of their incomes in rent. A comparison between 1986 and 1994 demonstrates that the proportion of lower income private renters who pay 30% or more of their income on rent has increased significantly over the period. In 1986 45% of such households in Sydney and 65% in the rest of NSW lived in affordable housing i.e. paid 30% or under of their income in rent. By 1994 only 25% of lower income Sydney households and 40% of the rest of NSW had access to affordable housing⁹.

The *Affordable Housing in NSW* report also points out that in most of Sydney, the purchase or rental of a dwelling is not affordable for people with low and moderate incomes. Affordable housing tends to be located outside Sydney or in the outer metropolitan area (see table on page 9).

While unemployment has improved (the unemployment rate in August 1999 was 6.8%, down from 7.6% in August 1998), youth unemployment remains unreasonably high, and the duration of unemployment especially for older workers continues to be at unacceptable levels. In NSW the number of long term unemployed people also remains unacceptably high. (The long term unemployed are those who have been unemployed for 52 weeks or longer.) In May 1999 61,900, or 30% of all unemployed people had been unemployed long term.

Unemployment impacts on some regions more severely than in others. In May 1999 the unemployment rates in Sydney varied between a low of 2.4% in the Lower North Shore and a high of 12.4% in Fairfield-Liverpool. Regional unemployment rates varied from a low of 5% in Northern, Far West-North West and central West to a high of 14% in Richmond-Tweed and the Mid-North Coast¹⁰.

⁷ Ministerial Taskforce on Affordable Housing (1998), *Affordable Housing in NSW: the need for action*. Sydney: NSW Government.

⁸ Disney, J (1998), *Affordable Housing in NSW: The Need for Action* (Shifting Ground Conference papers). Sydney: NCOSS.

⁹ Ministerial Taskforce on Affordable Housing, pg 13.

¹⁰ NCOSS, *Bridging the Social Divide: Social & economic priorities for the 2000/01 State Budget* (1999).

Table

Areas where weekly quartile rents are below 30%, 35% and 40% cost benchmarks for quartile household income, 1997

	Number of local government areas where quartile rents for one bedroom units are below benchmark.			Number of local government areas where quartile rents for two bedroom units are below benchmark.		
	Below 30% (\$100 pw)	Below 35% (\$115 pw)	Below 40% (\$130 pw)	Below 30% (\$100 pw)	Below 35% (\$115 pw)	Below 40% (\$130 pw)
Total Sydney	6 of 39	10 of 39	16 of 39	none	1 of 41	7 of 41
City and East	none	1 of 5	1 of 5	none	none	none
North	none	none	1 of 12	none	none	none
Inner West	none	1 of 9	3 of 9	none	none	none
South	none	none	1 of 5	none	none	none
South West	2 of 3	2 of 3	3 of 3	none	1 of 7	3 of 4
West	4 of 7	6 of 7	all	none	none	4 of 7
Rest of NSW	all	all	all	not avail	not avail	not avail

Source: Ministerial Taskforce on Affordable Housing, 1998, p.98.

4.3 Where do transport costs fit in this picture?

The areas of NSW identified by these reports as being socially disadvantaged, mirrors those where transport costs are higher, thus compounding inequity for people on low incomes. Western Sydney, the Hunter and Illawarra regions and rural NSW are suffering increased transport costs as:

- lack of availability of concessions such as the PET also mirror these regions;
- they are all serviced by private bus operators where fares are more expensive and service levels are invariably lower;
- they have a poorer level of general public transport infrastructure and hence people without cars have higher costs eg increases dependence on taxis
- these areas are also less likely to have either comprehensive rail services or adequate taxi services or distances travelled are often so great as to prohibit use of taxis.

Further, the hardship experienced by the high numbers of unemployed people in these regions is exacerbated by increased transport costs that exist as a result of a state divided by inequitable public transport provision.

The parallel between transport disadvantage and social disadvantage on the basis of geography across all regions in NSW is now so embarrassingly stark that the Government must seek urgent redress. Those who are able to access the best of the State's public transport system are increasingly also the wealthiest, as housing and other living costs push people to Sydney's fringes and beyond.

5. Government policy framework

The Review Group needs to give consideration to a range of key government policy frameworks in its deliberations.

The Government's Social Justice Directions Statement "Fair Go, Fair Share, Fair Say" (1996) commits it to basic principles of access and equity. The Statement commits the Government to "fairness in distribution of resources", "fairer access to the economic resources and services essential to meet their basic needs and to improve their quality of life" [pg 2]. The transport-related statements in the report focus on affordability, accessibility and efficiency.

The Government's air quality management strategy, "Action for Air" details targets for reduced car use. Improvement in the level of public transport usage is a key component of the plan. The review group must also consider price elasticity issues of increasing concession costs and the subsequent impact on public transport demand.

Action of Transport 2010 details the Government's 10 year commitment to public transport infrastructure development. It also details service improvement issues. It also makes a commitment improved public transport use and air quality management.

The NSW Healthy Ageing Framework and the NSW Platform of Action for Concerns of Older People, both nominate access to transport services as a prominent issue.

The Disability Services Act outlines the necessity of government agencies to develop Section 9 plans, indicating how they will respond to issues covered in the Act. Equitable access to affordable concessions remain critical to people with disabilities, particularly those who cannot drive, cannot afford a private vehicle or those who are dependent on accessible taxis.

The Rural Social Justice Statement (issued in February 1999) re-affirms the Government's commitment to the concept of a "fair share, fair say and fair go". The document reiterates the four themes of equity, access, participation and rights. More specifically this refers to:

- "greater equity in the distribution of Government services and facilities;
- enhanced access to services essential for meeting basic needs and improving quality of life;
- improved participation by rural people in decisions that impact on their communities; and
- the promotion and recognition of the rights and entitlements of the people of rural NSW." [pg 2]

Avenues for redressing equity for rural people must be given due consideration in this review.

In summary, this review sits within a framework of government policy with particular, and consistent themes. Any review recommendations will need to consider:

- social justice is a stated obligation of the current State government. Social justice includes notions of equitable access to essential services across regions and affordability for individuals;
- greenhouse gas and air quality targets have produced an imperative for increased public transport use. Barriers which reduce public transport uptake must be avoided;

- for older people and people with disabilities, transport access and affordable concession access feature as high priorities;
- recognition of rural inequity and an imperative to re-balance this.

6. Objectives of a public transport concessions program

The transport concessions program needs to have a stated set of objectives. Objectives would assist the Government to assess the success or otherwise of its program. It would also enable the Government to have a framework which justifies expenditure.

NCOSS has previously suggested that a Concessions Unit should be established within the NSW Government to ensure consistent policy across all concession programs¹¹. In the absence of such a Unit, then the transport program should have specific objectives.

Objectives should include recognition that:

- concessions enable access to more affordable public transport for low income residents;
- public transport is the only transport option for many low income users. As such it is also an essential service;
- public transport affords low income users with mobility. This enables their participation in a broad range of activities such as employment, access to health services, community participation, volunteering work;
- affordable mobility provides a broad range of benefits to health and well-being.

7. Equity and affordability as key principles

Equity and affordability remain the key principles upon which any changes to the concession program should be based. A concession program does not guarantee affordability just by virtue of the provision of a concession. Affordability is relative to other costs of living and to income. Any recommendations which increase the cost of a concession should be assessed for how a price rise impacts relative to both the cost of living at differing income levels for both Sydney and regional NSW.

Equity in concession arrangements is sometimes defined in terms of achieving either horizontal or vertical equity. Horizontal equity is defined as being achieved when similar outcomes for people in similar circumstances is produced. Vertical equity is achieved when a concession is able to respond to different circumstances between individuals and households¹². The current transport concession arrangements fit neither vertical nor horizontal equity requirements.

¹¹ Also recommended in NCOSS submission to the NSW Government, Bridging the Social Divide: Social & economic priorities for the 2000/01 State Budget (1999).

¹² Purdon Associates & Craig Johnston Policy Futures, Evaluation of NSW Government concessions provided by state government agencies and trading enterprises, 1997. Department of Community Services.

7.1 EQUITY ISSUES

7.1.1 No pensioner access in non STA areas

As the Issues Paper indicates, currently only pensioners in STA bus areas get access to a Pensioner Excursion Ticket (PET). The situation is highly inequitable on geographical grounds. This compounds disadvantage for lower income pensioners in Western Sydney, the Hunter, Illawarra and regional NSW.

This situation is highly inequitable given that Seniors Card holders in STA serviced areas are able to use the PET when pensioners in private bus regions cannot. The Seniors Card is simply a commercial product available to any person over 60 who is working less than 20 hours per week. It is not income-tested. As of July 1998, 904,000 people in NSW held Seniors Cards¹³. 83% of Seniors Card holders are pensioners¹⁴. The 17% of Seniors Card holders (153,680 people across NSW) who aren't pensioners will obviously not all live in regions where they can access the PET. However the inequity between those who can and pensioners in non-STA areas who can't is a glaring one.

There is no doubt that there are some older people who may be just outside the parameters for eligibility for a pension for whom affordability of travel is a concern. However, by and large non-pensioner Seniors Card holders have an income which could sustain a higher PET cost.

However, the Government may wish to retain cheaper public transport costs for non-pensioner older people for other objectives, namely air quality management. The latest data from the Household Travel Survey indicates the older people in the Greater Metropolitan Region (GMR) are increasing their car travel substantially¹⁵. In order to meet air quality targets, the Government needs to provide incentives for older people's travel by public transport, probably targeted at moderate -higher income older people. Cheaper ticketing arrangements are obviously one way to do this, however this must be an explicit goal of Government so as not to confuse the objectives of a concession system aimed at assisting affordability for low income earners.

7.1.2 No access to the PET for beneficiaries

People in receipt of a benefit (such as unemployed people and people on sickness benefits) are not able to access a Pensioner Excursion Ticket. This situation exists across all of NSW.

Beneficiaries receive less income than pensioners. The current full Age pension is \$366 per fortnight. Those receiving NewStart allowance (for unemployed people) receive \$328 per fortnight. This inequity is heightened by the fact that beneficiaries receive less concession entitlements than do pensioners (for example pensioners receive concessions on all utilities bills and on car registration while beneficiaries do not). Differing transport concession entitlements also exist.

¹³ NCOSS, pg 14.

¹⁴ Purdon Associates & Craig Johnston Policy Futures, pg 39.

¹⁵ Presentation by Manager of Transport Data Centre in November 1999.

Changes to job searching requirements by the Federal Government has meant that basic household transport costs have increased for unemployed people. Now someone in receipt of a NewStart allowance is required to travel up to 90 minutes to attend a job interview and to attend a particular level of job interviews, training and cold calling interviews per week. Financial penalties result for those who do not or cannot meet these obligations. Travel costs for someone living in Western Sydney and travelling to interviews within a 90km radius on a half-fare concession are clearly not affordable relative to their fixed income. For someone living in rural NSW, these costs could easily escalate as they may be required to travel to a major regional centre using a long distance coach which (since deregulation of that industry) has no concession arrangements.

This has significantly increased household transport costs as the Federal Government makes no provision in the Job Network for assisting jobseekers with travel costs. The PTA should recommend to the NSW Government that it establish a working group with the Federal Government to address the provision of job seeking travel assistance to Job Network clients.

Additionally, these people's travel for all purposes is, compared to pensioners, seriously impeded by their access to a half fare concession and not a Pensioner Excursion Ticket. This inequity should be addressed by the ability of beneficiaries to access the PET using the Health Care Card or the new Job ID Card as the basis for eligibility.

7.1.3 Students in non STA areas have fewer entitlements

Tertiary students using private buses are only able to access a half fare concession for travel to and from their educational institution and only during week days. Students over 30 years cannot gain any concession on the private bus system. The assumption that mature aged students have access to an income is misplaced. Mature aged students are more likely to have families to support and often have given up full time work to study.

In contrast, students using STA buses can use their half fare concession for any travel. There are no age restrictions.

Further, private buses all issue different student concession cards. Students who need to cross regional boundaries need to get more than one concession card. It should be administratively possible for a single concession card to be available across all modes and operators. Failing this, the Bus & Coach Association should at least issue a single card for all users of its member operators.

7.1.4 Low income working people have no access to concessions

Low income working people currently have no access to concession arrangements and NCOSS believes that consideration should be given to income testing arrangements which would provide a concession to assist public transport travel for these people.

7.1.5 Equity for rural people

Lack of adequate public transport infrastructure and service provision in many rural areas inflates the inequity of current concession arrangements. For many, having an equitable transport concession program means little if service provision is inadequate, infrequent or unrelated to travel needs.

In 1997, a Commonwealth review of concession eligibility highlighted the issues for rural people's access to transport concessions¹⁶. Poor infrastructure and services in rural areas is one of the key barriers to equitable access to transport concessions. The review recommended that governments consider issuing the transport component of their entitlement in a monetary or voucher form so that they can use it to access other transport modes¹⁷. This model has limitations in that it does not have vertical equity ie. a voucher at a flat rate will not be able to respond to differing travel needs of different households.

NCOSS believes that priority should be given by the Government to addressing the poor level of infrastructure and services in rural and regional areas as a matter of urgency. If there is no willingness or capacity to do this, then consideration should be given to delivering transport concessions to rural people in a monetary or voucher form, however its limitations make it a less useful option for areas with an existing reasonable level of public transport infrastructure and service level¹⁸.

The Governments Social Justice Statement indicates that an investigation of transport issues for rural communities be undertaken. The Office of Regional Communities in Premiers Department established a project looking at this in 1998. A consultant was contracted and a series of recommendation made. By the end of 1999, the paper had been re-written by the ORC and progress non-existent.

NCOSS acknowledges there are difficult and complex issues in attempting to address more equitable transport infrastructure and service issues for rural and regional communities. However in 2000 the Government must re-engage with these issues or the growing discrepancies between urban and rural communities will grow, and the political backlash already being witnessed may increase. NCOSS would welcome an opportunity to work with the Government for better solutions for rural and regional communities in 2000.

Options for improving concession access for pensioners and beneficiaries in rural and regional centres include extending the use of the Countrylink Ticket to be able to use the ticket across local operator boundaries at the destination. People often have to travel outside their own region for access to health services and for job search. Health service specialisation and government policy which regionalises key government service agencies, means that people have to travel further to reach these services. A concession ticket which was able to be used to both reach that destination and travel locally within it would greatly assist these activities.

¹⁶ House of Representatives Standing Committee on Family & Community Affairs, Concessions - Who benefits? Report on concession card availability and eligibility for concessions, October 1997. Commonwealth Parliament. pg 85.

¹⁷ House of Representatives Standing Committee on Family & Community Affairs, pg 76.

¹⁸ NCOSS notes the voucher option is recommended by the Public Transport Advisory Council for all users of the transport concessions program. A flat, capped voucher system would not be responsive to differing transport needs of different individuals and households. It also does not encourage public transport use; which is a Government objective to improve Sydney's air quality.

7.2 AFFORDABILITY ISSUES

7.2.1 Capacity to pay more is limited for people on low and fixed incomes

People on very low and fixed incomes have limited capacity to pay more for transport concessions. The Budget Standards Unit was established at the University of NSW in 1995 to develop a set of indicative budget standards for Australia. A budget standard “represents what is needed by a specific household, in a particular point in time, to achieve a specific standard of living. Development of a Budget Standard thus involves specifying a typical basket of goods and services and pricing it”¹⁹. This research project identified budget standards for a range of households at both ‘modest but adequate’ and ‘low cost’ standards. Single parent households (renting privately) and couple households with children (where at least one adult is not in the labour force) are indicated as being particularly disadvantaged.

The PET has played very important role in making low income people’s lives more affordable in those regions where it can be accessed.

While NCOSS acknowledges there is scope to index the PET at regular intervals, the Government must also acknowledge the impacts that increased living costs have on people on low and fixed incomes such as pensions and benefits. The cumulative impact of increased living costs is what creates an intolerable situation for many people on low incomes. Some of these impacts include:

A. Increased housing costs.

- Public housing rents will increase from April 2000 at 1% per year for 5 years. At the end of the 5-year period, public housing tenants will have experienced a 25% increase in housing costs. Despite the increased affordability that public housing provides, over 27% of public tenants in NSW (over 105,000 people) are already considered to be in poverty after paying the rent.
- Private rental costs in NSW and particularly Sydney, continue to increase. A report issued by Department of Urban Affairs & Planning in 1998²⁰, demonstrates that private rental affordability (the proportion of dwellings on the market that a low income household can afford to rent) across the whole of Sydney declined over the last 2 years (from 39-33% of Sydney rental properties). The public housing waiting list in NSW continues to grow at 96,906 people in 1997/8. This waiting list is an indicator of the lack of affordable housing in the private rental market.

¹⁹ Social Policy Research Centre, Development of Indicative Budget Standards for Australia, Policy research paper No. 74, March 1998. pg ii

²⁰ Department of Urban Affairs & Planning, NSW Housing Indicators report, Data to September 1998 (1999), pg 14.

B. GST impacts

Despite a compensatory package for pensioners and beneficiaries, the capacity of a compensation package to be eroded over time has been demonstrated by evidence argued by ACOSS. People on low and fixed incomes have the least discretionary income and the least capacity to manage the increased basic living costs (including transport costs) that will result from the GST.

NCOSS member organisations outside of the Sydney region report very low income families simply arriving on the doorstep of community and charitable organisations needing assistance after packing up and leaving Sydney. The cost of living in Sydney has become unmanageable for these people.

Any proposals to increase the PET must be modelled for social impact on very low income groups (for example people solely dependent on a pension or benefit and particularly those who are public or private renters). These people would be highly sensitive to a price rise and must be protected from further financial hardship.

7.2.2 Capacity to pay more may be possible for some Seniors Card holders

As it has been noted above, 83% of Seniors Card holders are pensioners. The other 17% of people may be in a position to pay increased costs for public transport travel.

Any proposals to either increase the PET or introduce half fare concessions for Seniors Card holders, must be modelled for social impact to determine what increase can be borne by them. There are some people who fail pension eligibility testing but for whom a substantial increase in the cost of the PET would create financial difficulty. Social impact modelling should assess the impact on these people.

8. Concessions management

8.1 *TRANSPORT CONCESSION CARDS*

NCOSS understands that the Department of Community Services has recently requested that the Department of Transport take over the issuing of transport concession cards. NCOSS has been informed that the Department of Transport (DoT) will contract out these functions. NCOSS suggests that the following need to be considered if this happens:

- transport concession cards must still be available at the local level. The advantage of Department of Community Services managing distribution was its network of offices at the local level. DoT does not have this office network, thus a suitable alternative must be found.
- the assessing/distributing agent must have a knowledge of social policy and social security issues. Given the complexity of the social security system, the agent for the DoT must be able to make appropriate assessment of eligibility.

8.2 *CONCESSIONS UNIT*

NCOSS maintains that the State Government needs a Concessions Unit to manage policy development for all state-based concessions. This would ensure consistent objectives across concessions and appropriate outlets for assessment and distribution of cards. Further such a Unit could manage data about concession usage to help refine policy

development and better target concessions. For example, a Concessions Unit could have assisted this review with appropriate information.

8.3 SMART CARDS

A Commonwealth review of concessions in 1997²¹ recommended that a smart concession card be trialed by the Commonwealth within 6 months of the release of its report. The Department of Family and Community Services has informed NCOSS that Centrelink undertook a feasibility study for undertaking this trial and found there was no 'business case' to be made for undertaking a trial. Thus the Commonwealth has not shifted on this issue. The ACT Government is however, apparently undertaking a trial.

NCOSS suggests that smart card technology would streamline concession management in NSW. It would enable eligibility for concessions to be programmed into the card and would thus provide the following advantages for both government and concession users:

- it would enable administrative savings. Concession eligibility would be automatic, thus reducing confusion for the assessing government agent and saving administrative resources in staff assessing eligibility and promotional material informing people about eligibility;
- it would be better for concession users. Currently not all people entitled to concessions actual use or claim them²². Automatic recognition of eligibility via a Smart Card would reduce low income people's financial hardship.

A Smart Card which recognised transport concession eligibility would markedly simplify the current process for applying and re-applying for transport concession cards. A card which is easily recognisable and read easily by both machines and people is what is required.

NCOSS recommends the NSW Government trial a smart concession card during 2000.

8.4 STATION USAGE FEES

In 2000, the Airport Link will open, providing rail services to Green Square, Mascot, and the two Airports. While normal concession arrangements apply while travelling on the line, the NSW Government failed to negotiate a concession arrangement on the 'station usage fee' levied by the private company operating the stations.

NCOSS is particularly concerned that people normally entitled to a half fare concession, will not receive any reduction on this fee (likely to be \$1.20 upon exit at Green Square and Mascot, and \$6 for the two Airports). While we understand that Transfield is considering provision of a concession, they are not obligated to as part of the Government contract, nor has the Government been prepared to fund a concession. This will impose greater transport costs on low income earners living in Green Square and Mascot compared to others in the surrounding suburbs.

²¹ House of Representatives Standing Committee on Family & Community Affairs, pg 41.

²² Purdon Associates & Craig Johnston Policy Futures, pg iv.

9. Public transport usage and air quality issues

Recent data from the Household Travel Survey shows that between 1991 and 1997, both weekend and week day trips have increased significantly. However, public transport mode share is not increasing while the car mode share and walking have increased and decreased respectively. While there has been some increase in public transport use, this has not been of significance to increase its mode share, while the increased trips being undertaken are being done by car. If Sydney's community is going to meet air quality targets, there can be no more disincentives to public transport use. Transport concessions are an important part of an incentives scheme to increase public transport use.

Any proposals to change current concession arrangements should model for elasticity of demand in public transport use.