



Council of Social Service of New South Wales

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30 September 2011

Independent Pricing and Regulatory Tribunal
Review of Rural and Regional Bus Fares 2011
ipart@ipart.nsw.gov.au

Dear Madam/Sir,

The Council of Social Service of NSW (NCOSS) appreciates the opportunity to comment on the IPART 2011 Review of Rural and Regional Buses.

About NCOSS

The Council of Social Service of NSW (NCOSS) provides independent and informed policy development, advice and review and plays a key coordination and leadership role for the non-government social and community services sector in New South Wales. NCOSS works with our members, the sector, the NSW Government and its departments and other relevant agencies on current and emerging (and ongoing) social, systemic and operational issues.

NCOSS has a vision for a society where there is social and economic equity, based on co-operation, participation, sustainability and respect.

NCOSS membership is composed of community organisations and interested individuals.

Context

In NCOSS's work with rural and regional communities and community organisations, a lack of transport is frequently cited as a major issue, limiting access to basic services and contributing to social disadvantage.

People living in country areas who are unable to access private vehicle transport – including people with disability, older people who are no longer able to drive, and people on low incomes who are unable to afford a car – can experience extreme transport disadvantage.

In country areas, there are often very few transport alternatives to private vehicle use. Rail services are infrequent or non-existent, and while taxis can be useful for short trips, they can prove cost prohibitive for longer journeys or when used frequently. Bus services are often the only viable transport option.

As well as having access to fewer transport options, people in rural and regional NSW generally face higher bus fares than passengers in Greater Metropolitan Sydney. In addition, they do not have access to the full range of concessions and discounts available in the city. While this situation has improved significantly since

the 2010 changes to transport concession policy, there are still a number of inequities, such as a lack of access to discounts for frequent travel.

It is in this context that NCOSS recommends that any increases in bus fares in rural and regional areas should be kept to a minimum. Specific comments on issues raised in the 2011 Fare Review discussion paper are below.

Factors considered when making a determination

As noted in IPART's 2011 Fare Review Fact Sheet, section 28J of the Passenger Transport Act 1990 requires IPART to take a number of matters into consideration when determining maximum fares. These matters include the social impact of the determination, and the need to maintain ecologically sustainable development. It is unclear how these factors are taken into consideration in IPART's method.

The bus industry cost index (BICI) used by IPART suggests that the cost of providing services has risen by 2.7% over the last year. IPART also notes that overall, the rate of return for bus operators in rural and regional areas is higher than a conservative estimate of an appropriate rate of return. This suggests that there is scope to make a maximum fare determination that does not pass the entire increase in the cost of service delivery on to the consumer.

NCOSS therefore considers that IPART should prioritise social and environmental impacts in its determination. In many rural and regional locations bus fares are prohibitive and can prevent disadvantaged people from accessing basic services. High fares also discourage people from using buses where possible, rather than less environmentally friendly forms of transport, such as cars.

Parity between rural fares and country town fares

In its 2010 review of rural and regional bus fares, IPART noted that fares for services on rural routes were around 25% higher than those on country town routes for journeys of the same distance. Given that there did not appear to be any sound reason for this difference, IPART recommended that fares for rural routes should be reduced to the same level as those for country routes. A graduated process was proposed, with the difference between rural fares and country town fares reduced to between 10% and 14% from January 2011.

NCOSS supports a further reduction in maximum fares for rural services to bring these fares into line with country town fares.

Parity between rural and regional fares and metropolitan fares

NCOSS also considers that the determination of both rural and regional fares should be made with a view to equalising fares between country and metropolitan NSW. This is particularly important given that people in rural and regional areas have access to fewer transport alternatives and do not have access to the full range of concessions.

Conclusion and recommendations

Ensuring that essential forms of connectivity are available to all, regardless of income status, should be a key target for IPART. Aside from reducing hardship for low income households, this focus will pay dividends in ensuring health and productivity for residents of NSW.

Therefore, NCOSS recommends that:

1. IPART implements its own recommendation that rural operators are moved onto the country town fare schedule.
2. IPART further considers the proposed 2.7% fare increase on country town fares, and makes a determination that prioritises social and environmental impacts, with a view to reaching parity between country and metropolitan NSW.

Should you have any further inquiries, please contact Rhiannon Cook, Senior Policy Officer, Transport, on 9211 2599 ext 127 or email rhiannon@ncoss.org.au

Yours sincerely

A handwritten signature in black ink that reads "Catherine Mahony". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Catherine Mahony
Acting Director