

IPART Review of Rural and Regional Bus Fares 2021-2025

NCOSS Submission

7th August 2020

About NCOSS

The NSW Council of Social Service (NCOSS) works with and for people experiencing poverty and disadvantage to see positive change in our communities.

When rates of poverty and inequality are low, everyone in NSW benefits. With 80 years of knowledge and experience informing our vision, NCOSS is uniquely placed to bring together civil society to work with government and business to ensure communities in NSW are strong for everyone.

As the peak body for health and community services in NSW we support the sector to deliver innovative services that grow and evolve as needs and circumstances evolve.

Published August 2020.

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Introduction

NCOSS would like to thank the Independent Pricing and Regulatory Tribunal for the opportunity to submit to its review of Rural and Regional Bus Fares 2021-2025. The review of rural and regional bus fares provides a unique opportunity to contribute to the development of pricing policy to support the connectivity of rural and regional people and their ability to access transport, economic and educational opportunities and other essential services.

Public transport is an essential service for individuals and households residing in metropolitan, regional and rural areas, and plays a critical role in allowing them to access private and public services. This ensures that individuals can remain socially engaged, and access critical services including health and other support services as well as educational and employment opportunities.

However, for people in regional and rural areas transport options can be limited and expensive. For many NSW residents regional and rural bus services represent their critical link with the outside world and the opportunity to engage in their local communities, the broader region and with essential services. This is reflected in the enduring usage of regional and rural bus services by students, age pensioners and concession holders, many of whom do not have access to private transportation, and for who such private transportation represents an unaffordable alternative (2018a, p. 35).

The cohort of individuals who do not have access to a motor vehicle in regional and rural NSW is not small. In the 2016 census 60,133 households reported not having a vehicle, noting that the average household size in regional and rural NSW was at the time 2.4 persons per household, this implies that there were 144,319 individuals who likely did not have access to a private vehicle (Australian Bureau of Statistics, 2016).

The census also indicates a small but significant cohort who commuted to work via public transport, with 9,674 individuals indicating that they used the bus services individually or in conjunction with other modes to get to work (Australian Bureau of Statistics, 2016). For these individuals the pricing and availability of regional and rural bus services is critical to their capacity to access these services.

NCOSS notes that the above information is dated and will soon be superseded once the 2021 census is completed. However, notwithstanding that there is likely to have been some change in the structure of the overall population and some population growth over the period, the above statistics indicate that there is a material cohort of individuals in regional and rural NSW for whom access of public transport remains critical to their ability to engage with their community, educational opportunities, local labour market and essential services.

Case Study: Bus services in Goulburn-Mulwaree LGA

The Goulburn-Mulwaree council recently undertook research as part of its development of the 2019-29 Social Sustainability Strategy. Community members identified three main barriers to social engagement and opportunities for improvement. Relevantly of these residents identified difficulties in getting around the area and accessing community facilities without access to a car or bus connection (2019, p. 11). For many transport disadvantaged people, particularly young people and seniors' residents who may not have access to a car or a driver's license the lack of bus services was identified as being a cause of social isolation, reduced educational and employment opportunities.

Affordability

Affordable access to bus services is critical to regional and rural Australians who lack access to private transportation. The availability and accessibility of transport can have significant impacts on a person's quality of life – on their ability to take up opportunities for training and education, and their ability to maintain social networks and participate in community activities. NCOSS has identified in our regional and rural stakeholder engagement that the lack of affordable access to transport is entrenching disadvantage in communities (2018a, p. 35).

For regional and rural people who cannot access private transportation – including those who cannot afford a car and its upkeep, people with disability, older people and youth – the lack of suitable transport alternatives can constrain their ability to participate in society and the economy. This can have far-reaching implications, not only impacting individuals, but also their broader support networks and the community.

In rural and regional areas, the problems associated with a lack of access to transportation are often more acute, with metropolitan residents often having transport options across multiple modes and within reasonable proximity of their residence. Although this issue is primarily one of access, member organisations have historically expressed concerns about the affordability of public transport in rural and regional areas.

The pricing of transport services is critical for preserving affordability. Transport expenditure accounts for approximately 10% of the total weekly costs for age pensioners and other payment recipients and with pricing of public transport services having a material impact on their cost of living (Australian Bureau of Statistics, 2020a).

The use of transport services is price sensitive among low income households with 40% of respondents indicating that they had forgone transport services due to financial constraints (NCOSS 2018b, p. 14). This is concerning, given that regional and rural residents facing financial stress have also indicated a willingness to forgo telecommunications and internet access, with 16% indicating that they had done so in the preceding 12 months (NCOSS 2020, p. 31). This indicates to NCOSS that there is a significant underlying cohort of regional and rural residents who are increasingly isolated from accessing critical services due to financial pressures.

Regional and rural New South Wales is characterised by higher levels of economic disadvantage

Recent modelling undertaken on behalf of NCOSS by NATSEM provides insight into the extent and distribution of regional economic disadvantage. The model maps the extent of economic disadvantage at the SA2 level across New South Wales and applies the Henderson measure of household income adequacy as the basis for assessing economic disadvantage.

Poverty makes individuals and households more susceptible to transport disadvantage. In addition to the tyranny of distance faced by individuals residing in regional and rural areas, and the limited availability of public transport options, poverty is a material barrier to individuals and households using those transport services that are available to them.

At the statistical level, regional NSW is clearly faring worse than its metropolitan counterparts, with an overall poverty rate of 14.6% against a poverty rate of 12.6% for the Greater Sydney area. Notably poverty is present across all demographic groups residing in regional areas, with particularly high rates for Aboriginal households (29.1%), single-parent families (35%), single person households (24.2%) and people who are unemployed (38.6%) (Vidayattama and Tanton, 2019, p. 16).

However, while stark, the above population level poverty figures understate the extent of regional economic disadvantage, with child poverty rates materially exceeding these levels, including up 41.7% in one location on the mid North Coast. (Vidayattama and Tanton, 2019, p. 27). NCOSS considers that in light of the material rates of poverty in regional NSW among adults and children, any and all efforts to reduce cost of living should be pursued as a matter of urgency.

The economic outlook is weak due to COVID-19

In considering the cost of regional and rural bus services, NCOSS considers that it is appropriate for IPART to consider the poor economic outlook over the period in which fares are to be set. With regional and rural economies recovering from devastating floods and bushfires, opportunities to provide fare relief and concessional services should be considered in the context of weaker ability to pay over the forthcoming pricing review period.

In the context of continued economic contraction due to COVID-19 and significant increases in unemployment, official unemployment currently sits just under a million workers (Australian Bureau of Statistics, 2020b), with this figure set to rise as economic supports are removed in coming months. NCOSS notes that the existing 7.6% unemployment rate is likely to understate the true extent of the economic impact on households, with many households experiencing increased rates of underemployment.

Although individuals on Jobseeker have temporarily been able to avoid the costs associated with complying with mutual obligations, the re-introduction of mutual obligations will see many people face significantly increased transport costs. These costs will arise as people will need to actively engage with an employment services provider, and regularly apply for jobs and attend interviews, activities which will require greater use of public transport services.

While so far COVID-19 has not yet spread extensively in regional NSW, its effects are being felt. The economic impacts associated with reduced domestic tourism and reduced demand for goods and services from regional areas are material. These impacts are driving increased unemployment in regional areas and increasing the overall need for fare relief, and concessional pricing in regional and rural areas.

Recommended changes to concession fares for Regional and Rural bus services

As the peak body for the community services sector in NSW, NCOSS is supportive of IPART's proposal to consider recommending the expansion of concessional fares to include Commonwealth Health Card holders. Access to affordable transport is critical to economic and labour market participation. Accordingly, NCOSS is supportive of proposals to extend the scope of existing concessional arrangements to include low income families and the unemployed.

Prior to the recent increase in Jobseeker through the Coronavirus Supplement payment the rate of income support available to was insufficient to meet daily needs and placed recipients well below the poverty line. While the Coronavirus Supplement is alleviating some of the immediate financial pressures faced by recipients, we note that this additional payment is temporary and is scheduled to be ceased prior to the commencement of the new fare period in 2021. Following the cessation of the supplement at the end of 2020 Jobseeker recipients will once again have extremely constrained finances and income well below the poverty line.

NCOSS considers that in addition to supporting ACOSS's advocacy for a permanent increase in the rate of payments so that everyone can afford a roof over their head and the essentials, we consider that there is scope for pricing relief being extended through changes to eligibility for concessional fares.

We consider that there are two primary mechanisms for IPART to facilitate pricing relief, the first is by examining opportunities to extend the availability of RED concessional pricing for Jobseeker recipients and the second is by extending concessional fare eligibility to all Health Care Card holders.

Recommendation: that the review consider opportunities to extend RED concessional pricing to Jobseeker recipients.

Financial stress and poverty are not limited to people who are unemployed or receiving financial support. NCOSS research into poverty in NSW demonstrates that many low income households are in poverty, despite being in employment. Although employment generally reduces the probability than a person may be living in poverty, approximately 5% of full-time workers and 7% of part-time workers are living in poverty, which is equivalent to 76,000 part-time and 107,000 full-time workers living in poverty across the state (Vidayattama and Tanton, 2019, p. 39).

Among low to moderate income households, NCOSS research indicates that a significant proportion are facing financial hardship and reporting difficulties in meeting the cost of essential services. Of the 730 households who responded to our most recent Cost of Living survey, 26% reported often or always having difficulties in paying for electricity, gas, internet or telephone bills on time. Across other measures of financial stress, significant proportions of low income households reported needing to seek financial assistance from friends or families to meet expenses (35%) and having to pawn possessions to access cash (25%) (NCOSS 2020, p. 26).

Accordingly, NCOSS supports the extension of concessional pricing to low income households and considers that opening up concession fare eligibility to Health Care Card holders will improve affordability for people who may not be unemployed but who are still facing financial stress. The extension of concessional pricing in this way has the potential to alleviate some of the financial pressure faced by these households and materially improve affordability. NCOSS believes that expanding the availability of concessional pricing arrangements is essential to addressing barriers to greater use of public transport in the regions and facilitating greater access to services and opportunities for regional residents.

Recommendation: extend concession fare eligibility to all Health Care Card holders.

NCOSS is supportive of consideration of pricing options including the imposition of weekly expenditure caps, and for the implementation of household or family discounts in order to reduce barriers to household use of regional and rural bus services. At present, people residing in metropolitan areas have access to caps that reduce the effective cost of repeatedly using public transport services.

The availability of maximum weekly caps will reduce the per trip cost of using public transport for those for whom public transport is their primary or only source of transportation. The use of maximum weekly caps will also provide regional and rural residents greater incentives to increase their use of public transport by limiting the cost of fares that they would otherwise face within a given period.

For people on low incomes who may also be eligible for concession fares the implementation of a maximum pricing cap may provide incentives for further use of regional and rural bus services. NCOSS considers that the implementation of fare caps will encourage low income regional and rural residents to increase their use of services in their region and reduce barriers to accessing critical educational and health services, as well as allow them to pursue opportunities for employment and greater community engagement. While we recognise that the absence of electronic ticketing on rural and regional bus services may present some challenges to the introduction of a weekly (or other time period) cap on fares, consultation with stakeholders will be an opportunity to explore potential options.

Recommendation: that the review consider opportunities to implement maximum fare caps for regional and rural bus services.

Accessibility

In the consultation paper IPART, asks whether there are other issues that should be considered in the review. NCOSS considers that IPART should consider the extent to which service innovation can be pursued to ensure that rural and regional residents are offered accessible transport services, noting this is a stated objective for the NSW Government. (Transport for NSW, n.d., p. 33).

Rural and regional NSW is home to many people with disability and elderly users of public transport whose quality of life and well-being can be impacted by accessibility issues. Among regional and rural residents it is estimated that 25.3% of residing in inner regional areas in New South Wales have a disability, being 177,400

individuals between the ages of 0-64, and 156,100 individuals over the age of 65. (Australian Bureau of Statistics, 2018).

People with disability report that they are disadvantaged by the lack of accessible transport in rural and regional areas (NCOSS 2018, p. 36). This is despite the availability of NDIS supports, with regional and rural residents advising NCOSS that NDIS supports are often not provided for private transport, and in many instances where they are provided the funding is less than the real cost of accessing services.

Accordingly, ensuring that services are accessible to people with disability and mobility issues including older residents is critical in facilitating equitable access to transport services. In considering opportunities for innovation NCOSS believes that consideration should be given to what service offerings and improvements can be made to improve the accessibility of regional and rural bus services.

Recommendation: that the review consider opportunities to increase the accessibility of regional and rural bus services by imposing accessibility standards for the provision of timetabling and scheduling information, accessible payment options, the physical accessibility of services and the frequency of accessible services.

Consultation questions

1. Do you know what buses run in your local community, where and when they go, and how much fares are? If not, do you know where to find that information?

NCOSS is aware of significant gaps in the availability of information concerning regional and rural bus services. The fragmentation of information resulting from each operator being responsible for publishing their own timetable and fare information, as well as the lack of real-time information indicating how services are performing and when/if they will operate is a material barrier to the use of these services by both local residents and tourists visiting the regions.

Investment in coordinated and centralised information provision, and the availability of real-time data are necessary to support greater use of regional and rural buses. The collection of information concerning regional and rural user preferences for the use of services, including time of service, common searches and destinations may also be of use going forward in determining opportunities for the expansion of the existing service footprint.

2. If you are a regular bus user, do you think bus travel offers value for money? Why or why not?

While NCOSS cannot directly comment on whether bus travel represents value for money for individual consumers. However, NCOSS is aware that for some low income groups the cost of bus services remains prohibitive and that this is a barrier to broader engagement in educational and employment opportunities.

3. Are you happy with the bus services in your area?

At present NCOSS is consulting with regional and rural community organisations and groups concerning their experience of regional and rural bus services. However historical engagement has routinely identified that the lack of services and poor connections between regional areas is a significant barrier to the use of the bus network.

In our initial consultation community organisations have indicated to NCOSS that in addition to the limited service footprint in regional areas, existing timetables and service schedules do not align well with user needs.

NCOSS is aware that for many rural and regional residents the availability of bus services is inadequate. Consultations with regional community service organisations have highlighted that there are often limited services available in areas with low cost housing and that where available, services are often only timetabled to run during daylight hours. As a result, individuals often do not leave their community, are extremely isolated and stay in their homes rather than participating more broadly.

A case study referred to NCOSS highlights the difficulties faced by primary care givers when bus schedules do not reflect the need to undertake drop-off and pick-up of school aged children. The organisation noted that in their region they had observed instances where women infrequently attended specialist services in the nearby regional centre of Dubbo because they were unable to make the trip to Dubbo and return in time to pick children up due to the bus schedule assuming that individuals were traveling according to a standard working day. It was also noted that uncertainty when accessing services in regional centres in terms of extended waiting times and delays in appointments was another barrier to using bus services, with people avoiding traveling when they could not be assured of returning within a specific time-frame.

4. Some bus fares are lower now than they were a few years ago – what have these changes meant for you and how often you use buses? (see page 6 for more information about these changes)

While NCOSS cannot directly comment on current experience of fares, we note that community concerns about affordability have been expressed to NCOSS during the most recent pricing review period. Accordingly, while improvements in affordability through reduced fares are welcome, it is clear that there is still a material cohort of individuals residing in regional and rural areas that cannot afford current fares.

5. Do you use rural and regional bus services to connect with other forms of transport, like coaches or trains? Are there changes to fares, tickets or services that would make this easier?

NCOSS understands that there is considerable community support for greater service integration in regional and rural areas. The integration of transport systems and the integration of fare arrangements would allow for regional and rural consumers to access many of the benefits of transport system integration currently enjoyed by their metropolitan counterparts.

6. The Government is trialling new services where you can pre-book a bus rather than using a timetable – have you used any of these services? What has been your experience with them? (see page 8)

NCOSS is currently consulting with regional and rural community organisations and groups concerning their experience of on demand services. NCOSS is supportive in principle of efforts to better align the availability of public transportation services with individual consumer demand and community needs.

Initial consultation with regional organisations has highlighted support for existing trial services, with organisations reporting having observed a positive response to the provision of on-demand services in their communities. Community sector organisations stated that the positive impacts of the trials were unsurprising, noting that on demand models of community transport have been popular for some time with the community and provided proof-of-concept.

Community sector organisations noted that the trial services have provided low income and vulnerable groups greater access to transport, and increased flexibility for households when accessing critical services, including specialist medical services in regional centres. For many households, access to transport when needed has allowed for greater use of available services and has gone some way to resolving some of the challenges associated with infrequent services and inconvenient timetabling.

7. How satisfied are you with the payment options available on your local bus service? Would you like different options (eg. electronic payments)? (see page 9 for more information)

NCOSS is supportive of a variety of payment options to provide regional and rural consumer's choice. We note that in increasing the availability of new payment options, accessibility of such options for people with disability should be considered.

8. Is there anything else you want us to know?

NCOSS notes that the NSW Government currently dedicates significant financial resources to supporting the delivery of regional and rural bus services. We consider that the dedication of these resources to transport in the regions is necessary to support equitable service outcomes.

However, we believe that there is scope for improvements in the delivery of regional transport services through greater planning at a localised level, across modes and operators, to design a system that is more responsive to the needs of the particular communities in question. This would need to involve greater emphasis on community consultation, flexibility in contracting and other requirements, and a willingness on the part of operators to work collaboratively. Instead of a 'one size fits all' approach under which the planning and contracting of a particular mode of transport happens in isolation from other modes, our suggested approach would involve pooling available transport resources and designing a localised, integrated system in response to identified needs and priorities. This has the potential to facilitate the more efficient allocation of government resources to better match community expectations, needs and preferences.

NCOSS considers that the focus of government should be on ensuring the provision of services that best meet community needs, irrespective of the form or mode used to ensure this delivery. Although not necessarily within

the remit of this review NCOSS considers that IPART has the discretion to recommend such an approach to ensure that regional and rural residents are getting the best possible service outcome for the committed funds.

As noted elsewhere in this submission, NCOSS considers that there is scope for the expansion of concessional pricing arrangements to provide support to low income and vulnerable households in regional and rural areas. The extension of concessional pricing arrangements based on whether an individual is eligible for the Commonwealth Health Card is a sensible option for targeting those for whom concessional fares would help to alleviate cost of living pressures.

In addition, NCOSS considers that this review should consider options for improving accessibility for regional and rural users of bus services in keeping with the NSW government's stated objective of ensuring all customers can access public transport. In considering opportunities for innovation, genuine consideration should be given to how accessibility can be implemented through an accessibility first approach to design.

Conclusion

Access to affordable and suitable bus services is critical for low income and vulnerable residents in regional and rural areas. As set out in our submission we consider that there is scope for further fare reductions to alleviate cost of living pressures for low income groups and facilitate access to critical transport services, as well as engagement with broader social and economic opportunities.

NCOSS is supportive of efforts on the part of IPART to identify opportunities to expand concessional pricing arrangements to support at risk and low income individuals. NCOSS thanks IPART for the opportunity to contribute to the Regional and Rural Bus Fare consumer issues paper consultation. We look forward to the opportunity to engage with IPART further following the release of the Draft Report.

We would very much welcome the opportunity to discuss this submission with you in greater depth. Should you have any questions in relation to this matter, please do not hesitate to contact me or Deputy CEO, Anna Bacik (02) 8960 7916 or via email at: anna@ncoss.org.au

Yours sincerely



Joanna Quilty
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