

# Future Transport Tasmania

FOR BETTER PUBLIC AND RAIL TRANSPORT

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## Response to Government Prices Oversight Commission Draft Report Investigation into the Pricing Policies of Metro Tasmania 2009

As a community group advocating improved public transport, Future Transport Tasmania (FTT) unsurprisingly has considerably different criteria for the appropriate costing of public transport services than Government. In the current world financial climate, Governments can be expected to desire cost recovery. However, increasing revenue through targeting a section of the community that is on the whole, less likely to be able to absorb the increase is an unrealistic prospect.

FTT is strongly against any fare increases for bus services, as our primary focus is on encouraging greater use of public transport and improving the availability and accessibility of services. FTT does not believe that a fare increase is at all justifiable, particularly without any commensurate improvements in services.

FTT notes that amongst the terms of reference set out to the Government Prices Oversight Commission (GPOC), that it was “to identify what changes would be necessary to the full adult fares structure to achieve full cost recovery.”

It is the belief of FTT, that whilst full cost recovery may be a financially desirable course of action, increasing fares to do so carries considerable risk. In GPOC’s draft report it is assumed that patronage will remain at predictable levels, whereas there is a significant possibility that patronage may actually fall as a result of the fare increases, and the desired revenue would not be forthcoming.

Under the GPO Act, in an investigation (section 31), the Commission is required to investigate several matters, not least of which is; (e) the need for efficiency in the supply of the monopoly service for the purpose of benefiting the public interest through a reduction in the cost of supplying the monopoly service.

FTT is of the opinion that under the above criteria, and particularly in the current financial climate with increasing unemployment, it is not in the public’s best interest to consider any substantial rises in bus fares, and that the final GPOC report should reflect these considerations.

The possibility or potential of improving the scope, availability and frequency of Metro’s services was not part of the terms of reference, however, these would be far more likely to deliver increased revenue (through a resulting increase in patronage) to Metro Tasmania than raising fares.

FTT has also noted that the Tasmanian Council of Social Services (TasCOSS), in its submission to the GPOC, stated “that Government should better subsidise Metro in order to keep fares down.”

Furthermore, in their submission TasCOSS “emphasise that increasing fares does not mitigate the impact of transport and socioeconomic disadvantage but rather reinforces it. TasCOSS ask that

GPOC keep this at the forefront of their policy making when setting the prices for metro pricing policies for the next 5 years.”

Metro Tasmania’s own submission (p.10) pointed out that the “Government’s primary objective in funding contracted services is to mitigate the impact of transport and socioeconomic disadvantage.” FTT advocates improvement and expansion of public transport services, in order to reduce the impact of traffic congestion, rising oil prices, worsening levels of unemployment, and ensure better overall access to public services. Rather than a token level of bus services, FTT recommends Government investigate the actual needs of all commuters and potential users of public transport.

FTT believes that Government should continue to subsidise Metro Tasmania, yet also proactively embrace the expansion of public transport services and facilities.

On behalf of Future Transport Tasmania

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