

13 September 2024

Independent Pricing and Regulatory Tribunal NSW
Level 16, 2-24 Rawson Place
SYDNEY NSW 2000

c/- ipart@ipart.nsw.gov.au

IPART CONSULTATION - MAXIMUM OPAL FARES UNTIL JULY 2028

City of Newcastle (CN) appreciates the opportunity to provide feedback on the *Draft Report - Maximum Opal fares until July 2028*. CN values and appreciates the important role that good public transport networks with appropriate pricing can provide to the community.

After reviewing the Draft Report, CN are concerned that the report and associated recommendations have not appropriately considered the comments that we provided during the initial consultation at the start of the year (see Attachment A).

The draft recommendations have the potential to adversely affect the use of public transport in Newcastle, along with the associated social, economic, and environmental ramifications. CN recognise that in regional cities, such as Newcastle, the balance to encourage use of public transport is delicate, and attention to appropriate services (routes and frequency) and pricing (fares) is essential.

CN have four main concerns with the Draft Report:

- Maximum bus fares are too expensive and reductions in maximum bus fares should be considered.
- Maximum fares for Stockton Ferry should not increase and should remain in line with bus services.
- Maximum fares should be compared to existing fares, rather than current maximum fares.
- There has been no consideration of moving towards cheaper fares for regional and outer-metropolitan areas and no consideration of a subscription style service (or alternative pricing structures in line with regional transport movements).

Bus fares

Newcastle's community is highly dependent on buses, as it is the predominant provided form of public transport due to the very limited train network. It is a concern that the maximum bus fares remain too high for our community, and that it penalises areas which rely heavily on buses. Currently buses are more expensive than trains for travel between 3km and 20km which accounts for the majority of bus trips in Newcastle. The maximum bus fare should be substantially less than the maximum train fare for all equivalent distances, based on the higher level of service provided by trains (fast and more comfortable) in comparison to buses. The bands for bus travel should be harmonised with the distance bands for train travel, but with the continued inclusion of the 0-3km band. This will make the system simpler and more transparent in how it prices travel by different modes.

Reconsideration of reducing maximum fares is essential to allow for appropriate bus fares that are cost competitive with driving in Newcastle, which would positively support modal shift from private vehicles. Basing fares on operational cost recovery is not just and incorrectly assumes that:

- operating costs are directly related to level of service
- infrastructure costs are not a significant cost in the provision of public transport

As discussed in our previous submission, bus fares are currently not competitive with marginal costs for people driving and the proposed maximum fares are up to 11.1% higher. This will be damaging to the patronage in Newcastle, and negatively affect our targets for modal shift. A decision on affordability in 2020 (as mentioned on page 15) should not be a reason to reject potential reductions in fares in 2024.

Stockton Ferry

The Stockton Ferry travels 650m and provides the only viable sustainable transport option for people commuting to Newcastle from the northern residential areas. Stockton is one of our suburbs with the highest levels of socio-economic disadvantage (990 IRSD index score) and highest percentage of low-income households (26.7%) (See Attachment B for more details).

It is important to recognize the positive connection provided by the Stockton ferry as a key link of the Newcastle public transport network, given that the bus connection is exponentially longer with much lower frequency and the ferry trip replaces a 20km alternate car journey. This service is not comparable to Sydney's ferry system and should not be costed in the same way. It is recommended to keep the price aligned with the bus fare, to not increase Stockton Ferry maximum fares by 7%, and should not be integrated with the Sydney Ferry System.

Comparison with existing maximum fares

The report is inconsistent in the mix of references to current fares and maximum fares. It is recommended that all increases should focus on the increase in comparison to actual fares. Actual fares are quoted in the affordability section, with only train fares are quoted, which does not provide clarity about the changes in bus fares (particularly for Newcastle which had a different system). Potential increases of approximately 11% are concerning for the community, and these are not reflected in most of the references to increases in fares which may lead to confusion in the community.

To further add confusion, the first table is quoted as exclusive of GST, which puts fare prices closer to existing fares (Table 2.1 to Table 2.4). In a similar way to IPART advocating to TfNSW, it could also advocate to the federal government for public transport to be GST exempt as it is an essential service.

It is requested that maximum fares should not increase with CPI as suggested. They are already unreasonably high for buses, and any increase would be seen as further reducing the viability of public transport as an option for travel in Newcastle.

Consideration for regional centre

Different fare structures and pricing have not been considered for different regions as part of the recommendations. This was a major part of our previous submission, which listed numerous differences between Sydney and Newcastle, and also noted the potential for a new system in Newcastle. It would be welcome to see area specific pricing structures that are reflective and supportive of public transport usage and connections in the Newcastle/Hunter region. Options such as subscription services are the best way to create more fidelity to public transport because marginal costs are reduced to nothing once the monthly fare is paid.

Overall cheaper fares for bus travel in regional areas are recommended. As part of this reduction, on demand buses in regional areas with poor scheduled bus services should be priced at a competitive point to support modal shift from private vehicles (not at the maximal price). This would further assist in addressing the growth of transport disadvantage in many areas of the Hunter.

CONCLUSION

Improvements in public transport are critical in Newcastle. Getting the price right, along with proactive planning, improved services, and associated social marketing are the only way to make meaningful modal shift towards public transport in Newcastle.

A price increase is a signal to the community that encourages people to drive cars rather than get on the bus, train or ferry. This is not in line with the communicated strategic goals of the NSW Government or City of Newcastle, in supporting a higher level of service from the public transport network but also not in line with the response to climate change, road trauma, obesity and loneliness epidemics, and the cost of living crisis.

Please reconsider your recommendations with respect to these comments. We would be willing to co-operate or coordinate further where needed to help realise affordable public transport in our city and surrounds.

Should you have any further questions regarding this submission, please feel free to contact me on ([REDACTED])

Yours faithfully

[REDACTED]

[REDACTED]

Attach.

Attachment A - CN submission for previous consultation

Attachment B - Stockton socio-economic indicators

ATTACHMENT A - CN submission for previous consultation

Planning and Environment. RTranter
Phone: 02 4974 2892



29 February 2024

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IPART CONSULTATION - MAXIMUM OPAL FARES UNTIL JULY 2028

City of Newcastle (CN) appreciates the opportunity to provide input under the public consultation regarding the Maximum Opal fares until July 2028. CN values and appreciates the important role that good public transport networks with appropriate pricing can provide to the community.

CN understands the proposed reforms will create a new set of maximum fares with potential for this to include new fare structures and innovations in pricing for public transport.

GENERAL

- CN actively supports effective public transport as part of its community strategic plan – **Newcastle 2040**. This requires improved services and affordability, as we continue to promote a modal shift from cars to active and public transport.
- Strategic support for improved public transport servicing is also detailed under the NSW Government's **Future Transport Strategy - Hunter Regional Transport Plan**. Appropriate pricing rates play a key role in the promotion of public transport usage, in alignment with the identified actions under the plan.
- CN notes that current public transport patronage in Newcastle is low, except for some services which predominantly service school students. Census data shows that our use of public transport to travel to work was more than 75% less than the state's average (2016 census) and patronage is still well below what it was before the COVID-19 pandemic.
- CN receives consistent feedback through our own engagement that existing public transport prices (and price structure) in Newcastle discourages people from using public transport, noting that there is often no financial incentive for people to swap from cars to public transport. Statistics have shown the current public transport commuters in Newcastle (except those that take the train) have a lower salary than those that drive or use active transport.
- CN notes the NSW Government recently introduced a weekly toll cap to provide cost of living relief to motorists in Western Sydney, where public transport options are fewer. CN believes the same principle for cost of living relief should also be extended to public transport passengers in determining maximum Opal fares.
- It is recommended that Newcastle be viewed separately to Sydney in decisions regarding public transport pricing, noting that:
 - Newcastle has a lower level of service for public transport than Sydney, due to a lower historical investment in infrastructure and service improvements in Newcastle and the Hunter, dispersed settlement patterns, and past and continuing prioritisation for cars on the road network.

- Passengers in Newcastle (and its surrounds) often travel further distances to access jobs, education, and services, which inherently results in them paying the maximum bus fare (8+km)
- Current public transport commuters (except those that take the train) have a lower salary than those that drive or use active transport. Reducing fare rates would directly support lower income earners.
- Newcastle (and its surrounds) is a great hub to trial new fare systems, being a distinct area where travel within a particular zone becomes all part of the system.
- Newcastle has previously had different fare structures to the rest of the network, including timed-based fares which operated between 1997 and 2016, and a CBD fare free zone between 2004 and 2019.
- Newcastle has very limited paid parking across the city, often available at a daily cost below a return trip on public transport. This limits people's perception of the cost of travel. It is important for citizens to see the benefits of a variety of travel options, including public transport, without a disparity in perceived direct costs to the consumer.
- Most public transport services in Newcastle have extra capacity which could benefit from attracting new passengers by setting a more affordable fee.

CONCLUSION

CN would support the consideration of a specific area-based pricing structure for public transport in Newcastle, and the surrounding region, under the current Opal fare review.

This pricing structure should be considerate of the identified strategic goals to increase public transport usage, through the allocation of a fare pricing point that shows savings for the commuter in comparison with single vehicle travel/parking in the city areas.

It is noted that support for public transport through this pricing structure would benefit from the delivery of identified improvement actions for public transport in the Newcastle area including rapid bus networks and increased bus servicing on key commuter routes in the city.

Should you have any further questions regarding this submission, please feel free to contact me on [REDACTED]

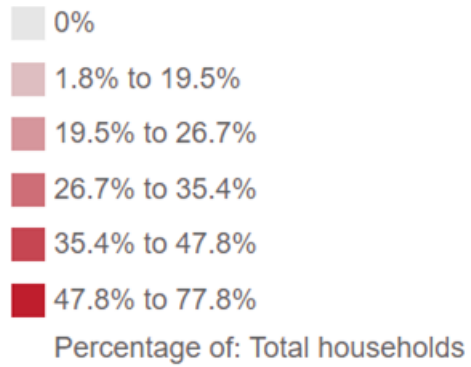
Yours faithfully

[REDACTED]

[REDACTED]

ATTACHMENT B - Stockton socio-economic indicators

Low income households (less than \$800 per week)



SEIFA Index of disadvantage

