

IPART Draft Report: Maximum Opal Fares until July 2028

Thank for the opportunity to comment on the Draft Report on Maximum Opal Fares until July 2028.

I have comments about both the draft report and the Information Paper on Patronage.

Information Paper on Patronage

Table 2.1 Changes in Opal network use: this table indicates that Opal trips on ferries have increased by an average of 32% every year between 2018-19 and 2023-24. Data on the Transport for NSW website <https://www.transport.nsw.gov.au/data-and-research/data-and-insights/historical-trips-by-financial-year-all-modes> shows that 16.074 million ferry trips were made in 2018-19. If there was an average annual increase of 32%, then the number ferry trips in 2023-24 would be in excess of 64 million. This is clearly incorrect. The TfNSW web page does not show financial year totals for 2023-24, but the total in 2022-23 was 14.420 million ferry trips, a decline of about 10% since 2018-19. The inclusion of Opal trips on the Manly Fast Ferry since October 2023 will have increased the result for 2023-24, but not by 50 million.

Comments on Draft Report on Maximum Opal Fares until July 2028

Concerns about the validity of the IPART methodology

Thanks to the excellent Opal card technology, NSW has the opportunity to offer passengers a truly integrated fare model, where prices are based on distance travelled rather than the particular mode, or combination of modes, which passengers are able to access. Other cities with similar technology, such as Singapore, Brisbane and Melbourne, have grasped that opportunity. NSW has not.

I repeat concerns I raised in response to the January Issues Paper, including the following points:

1. It is not passengers who decide which mode operates on which corridor, or the level of service provided. Those decisions are taken by Government with advice from Transport for NSW. Once those decisions are taken, it is difficult to walk back from them due to the high cost of infrastructure investment or other political considerations. This means the notion that the transport system will become more efficient if fare settings encourage passengers to use the “most efficient mode” is a purely theoretical one. No empirical evidence is provided by IPART to demonstrate its validity.
2. When decisions are taken by Government on implementing a new public transport service, the work by Transport for NSW in preparing advice does not use the aggregate or average measures of mode “efficiency” adopted by IPART. This is for the very good reason that aggregate measures are meaningless in decision making about individual corridors. Construction costs, environmental issues, geography, social and economic impacts and many other issues which relate to the particular location need to be considered. One transport technology could be more suitable (efficient) for one corridor, but not for another. As an example, there is neither a heavy rail nor metro system operating between the CBD and the suburb of Manly. One of the reasons why this is the case is that a frequent fast ferry operation provides an appropriate service without the significant investment costs associated with building a rail system.

- Even if it was the case that the IPART efficiency model is a valid one, passengers do not necessarily have a choice between multiple modes. In most cases there is (at best) only one practical option available to reach their destination and that single option may unavoidably include intramodal transfers (eg feeder bus to train station). In these cases, passengers do not have a genuine choice of modes.

Draft Recommendations

As far as I can determine, IPART has not given any recognition to the concerns outlined above. Indeed the current recommendations go further in widening the disparity between bus and ferry fares. Most bus fares will remain the same in real terms up to 2028, while Sydney Ferry fares will rise in real terms by between 3.2% and 3.9%, depending on distance travelled.

I urge IPART to reconsider these recommendations.

There is a valid argument for some differentiation in fare structure for ferries versus other modes. The notion of “off peak” travel is not really a valid one for ferries, as demand for “leisure” journeys, especially on week-ends, can exceed demand for commuter travel in the AM and PM peaks on week-days. Demand on week-ends can exceed the ferry system’s capacity to provide a service and a price signal would be appropriate to dampen demand for leisure travel.

In recognition of this, I recommend the following fare structure for ferries (I appreciate that IPART does not make recommendations on daily and weekly caps, but they are included here for completeness). The table displays recommended Adult Fares in current prices (including GST)

Adult Bus peak fare	Adult Ferry fare (peak and off peak)	Mon - Thu daily caps and weekly caps	Fri- Sun discounted daily caps
0-3 km \$3.20 3-9 km \$4.84 >9 km \$6.22	0-9 km \$4.84 > 9 km \$6.22	Same for all modes	Only to apply if journey does not include a ferry trip.

It would also be logical to modify the distance bands for rail to better align with buses and ferries – 0-9 km; 9-20 km; 20-35 kms; 35-65 kms and >65 kms .

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Your submission for this review:

Information Paper on Patronage: Table 2.1 Changes in Opal network use: this table indicates that Opal trips on ferries have increased by an average of 32% every year between 2018-19 and 2023-24. Data on the Transport for NSW website <https://www.transport.nsw.gov.au/data-and-research/data-and-insights/historical-trips-by-financial-year-all-modes> shows that 16.074 million ferry trips were made in 2018-19. If there was an average annual increase of 32%, then the number ferry trips in 2023-24 would be in excess of 64 million. This is clearly incorrect. The TfNSW web page does not show financial year totals for 2023-24, but the total in 2022-23 was 14.420 million ferry trips, a decline of about 10% since 2018-19. The inclusion of Opal trips on the Manly Fast Ferry since October 2023 will have increased the result for 2023-24, but not by 50 million.

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