



Opal Fares Review

Public Hearing Transcript

Tuesday, 3 September 2024

Zoom online

Transport >>

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

Tribunal Members

The Tribunal members for this review are:

Carmel Donnelly (IPART) PSM, Chair
Dr Darryl Biggar
Jonathan Coppel
Sharon Henrick

Enquiries regarding this document should be directed to a staff member:

Jessica Hanna (02) 9113 7715
Carol Lin (02) 9113 7786

The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

Contents

Opal Fares public hearing		1
1.1	Welcome and introductions	1
1.2	Session 1	2
1.3	Session 2	15
1.4	Closing remarks	25

Opal Fares public hearing

1.1 Welcome and introductions

Ben Strate (IPART): Welcome to today's public hearing on the Tribunal's review of maximum Opal fares to apply until July 2028. It's great to have you joining us today. My name is Ben Strate (IPART). I'm the General Counsel of IPART, and today I'll be acting as the facilitator for the public hearing. We'll start with a few housekeeping notes.

First of all, please keep your microphone muted when you're not speaking to avoid feedback and background noise. But we do encourage you to keep your cameras on if your Internet connection can accommodate it, and if you're comfortable doing so, it just helps us all to connect effectively with one another in this virtual setting.

To ensure we have an accurate record of the discussion today the hearing is being recorded. The recording will be available on YouTube until 16 September, which is when submissions to the Draft Report close. A transcript will also be published on our website and will remain there, and this is to allow stakeholders who can't join us today to find out about the important issues discussed at the hearing.

To help with accessibility you have the option to turn on Zoom captions. Instructions for that will appear in the chat, I believe, but if you click down on the bottom right, it's under 'More'. Similarly, there are some instructions for how you can rename yourself to show your full name and organisation.

With this being a public hearing, the media and others present today are free to publish and refer to what is said during this event.

We want to create an environment where everybody feels comfortable to speak. So, we ask that you're respectful of each other's time and the length of your comments, and also respectful in the way that you convey those comments.

So, turning to the agenda for today we'll begin with a brief overview of this review, the key findings, decisions, and recommendations of the review and we'll then present our detailed findings on affordability and open up discussion starting with some consultation questions. Following that we will have an open Q&A around the theme of affordability, concession fares, and other related topics. We'll have a short break at around 11am before we move on to a presentation about the key decisions and recommendations relating to our determination and fair package structure.

We'll then present some questions on the fare structure and open up discussion on those themes along with any others that attendees would like to raise. I'll now hand over to Tribunal Chair, Carmel Donnelly, to start the hearing.

1.2 Session 1

Carmel Donnelly (IPART): Thank you, Ben. Thanks also to everyone for joining us today. We really appreciate you making the time to give us your feedback in this public hearing. As Ben said, I'm Carmel Donnelly. I'm the Chair of the Independent Pricing and Regulatory Tribunal known as IPART for short and I'm joined today by fellow Tribunal members, Jonathan Coppel, Sharon Henrick and Darryl Biggar, and also a number of the IPART Secretariat team, including Fiona Towers, Mike Smart, Jennifer Vincent, Jessica Hanna, Carol Lin and Lawson Spencer.

I'd like to start by acknowledging the Traditional Custodians of the lands from which each of us are joining today, and I'm joining you from Yuin country. We would like to pay our respects to Elders, past and present, and extend that respect to our Aboriginal customers and stakeholders and colleagues, and we at IPART acknowledge the ongoing connection that Aboriginal people have to the land and waters that we now call NSW.

So today we will present some info for you on the key elements of our draft Opal maximum fares report. But it's also very much an opportunity for you to ask questions, and there will be time for discussion and mainly the Tribunal and myself are here to listen. It's very important to us that we have good consultation in different ways. As you know, we're open for submissions as well. But the public hearing is a very important element of that, and we will take into account everything that is said today as we consider what changes we may make for our final report and final determination. I will just make a few opening remarks around the review to give you a bit of the context.

We have been asked by the Government to set maximum Opal fares. Now that is effectively a price ceiling that will protect customers from excessive charges and it is useful to note that Transport for NSW and the Government set the actual fares generally below the maximum, and certainly not above it. Opal fares cover quite a broad area of Greater Sydney. You can see the map on the screen. It's Greater Sydney, Blue Mountains, Central Coast, Newcastle, Illawarra, and there are a few lines that go further than that as well.

Within the Opal network it is the Government's responsibility to set the actual fares and also decide concessions. They're also responsible for planning and operational matters like the ticketing system, timetabling and service quality. But our role is very much to set that maximum fare price ceiling that protects customers from excessive charges.

I might talk a little bit about the terms of reference that we've been given. They require us to consider the Opal mode and distance-based fare structure, so the current fare structure; incorporating new services into the Opal fare structure; looking at demand and optimising the efficiency of transport networks; importantly, ensuring affordability and accessibility for disadvantaged groups; particularly looking at cost recovery in the post-COVID environment, and I'll say a few words about that in a moment; and also the appropriateness of the current methodology.

So they're some of the key things that we are required to consider. I might move on to the next slide and just talk about earlier in this review we released an issues paper, and consulted on some objectives that we will use through this review to see what is the best way to set the maximum fares. Those objectives include that the fares are simple and flexible; that they support better travel options; they ensure accessibility to public transport; they maximise community benefit, and we'll hear a little bit more about that later through the session today; supporting financial and operational performance of the Opal network; and that they are value for money for customers.

And now, just a little bit more by way of background. Since we last set the maximum fares there have been a few trends that have been important in us preparing our draft report, and they're important to people who use the Opal network. You will probably be aware that there's been quite a bit of disruption through that COVID period. In particular, the patronage, the number of passengers using public transport and the Opal network dipped quite significantly, and it's yet to fully recover to the pre-COVID levels.

Another long-term trend has been that fares have been increasing at a slower rate than inflation. So in real terms, the cost recovery has been impacted. And you'll see from that slide in front of you we now estimate that there's only about 18% cost recovery in the year 2022-23 for the Opal network. Now, I might just say a few words about that. We know that public transport fares around the world often don't cover the full cost of public transport, and the same is true in NSW.

And so that figure of 18% represents how much the fare revenue is contributing to the costs of operating the Opal network, and the rest is paid by the Government from funds collected from taxpayers. So that's, you know, 82% from taxpayers.

The other thing that we have noted is that in Transport for NSW's customer satisfaction surveys, in COVID customer satisfaction increased. It's now more like the pre-COVID levels. So that's also something we've taken into account.

Now I will stop there and hand over to the team who are going to give you some information, and then we'll move into a discussion and questions phase, and I'm going to hand over to Jennifer Vincent. So over to you, Jennifer.

Jennifer Vincent (IPART): Thanks very much Carmel. I will start by summarising our draft decisions and in summary, our draft decisions are to determine a methodology for setting fares that lists the maximum prices by the default fare distance bands and modes but if Transport for NSW doesn't use the default fare distance bands and modes, we also set a maximum average fare, which means that if Transport for NSW chooses to make changes to the fare structure, so, for example, by combining modes or changing the distance bands, the weighted average fare can be no higher than \$4.76. But if Transport for NSW chooses to maintain the existing distance bands, our draft decisions allow for an average 2% real increase, that means, in addition to CPI, to maximum fares in real terms over the next 4 years of the determination.

Our final 2 draft decisions are to set maximum fares for on demand services equal to the respective single mode trip and to require the distance of all rail trips to be measured by shortest track distance.

Moving on to our draft fares. As I mentioned, the maximum average fare is set at \$4.76 and that means that Transport for NSW can raise some fares but not others. They can raise some fares by more than the 2% that we're allowing if they lower others. And if they do use the default fare distance bands, for train and metro services, maximum fares for the different distance bands rise by between 0.7% and 4.1%. For bus and light rail, most of the maximum fares wouldn't change, but for the 3 to 8-kilometre distance band the maximum fare rises by 1.6%, and for Sydney ferry services maximum fares would increase by between 3% and 4% in real terms. For the Newcastle Stockton ferry service the maximum fare would increase by 7% in real terms and the reason this is the highest proposed increase in percentage terms is that previously the Stockton Ferry fare was pegged to the shortest distance bus fare but when we looked at costs we considered that as the Stockton Ferry is a ferry it should be charged at ferry rates and we discuss later in this presentation whether or not the Stockton Ferry fare should be harmonised with Sydney ferry fares, and if so, how? But at the moment there is a specific Stockton Ferry fare band.

And moving on to the next slide. We've also made some draft recommendations. The draft recommendations complement our draft determination decisions and the draft recommendations relate to the aspects of the fare package that are the responsibility of the Government rather than IPART, such as discounts, caps and concessions. Our draft recommendations are, firstly, that Transport for NSW extend the eligibility for Concession Opal to holders of a Commonwealth Health Care Card and or Low Income Health Care Card; that Transport for NSW consider reviewing current peak and off-peak arrangements, times, fares, and timetables to clarify their objectives and determine if they remain appropriate in the post COVID-19 environment; that Transport for NSW consider reviewing the relativities between fare types, discounts, caps, and other elements of the Opal fare package so that they can ensure that fare change events apply consistently across the fare package; that where significant impacts to service quality occur, the Government should consider whether fares should be reduced, or other rebates can be offered to compensate for inconvenience or increased travel or wait times; and finally, that Transport for NSW consider conducting a study into the attitudes and motivations of its passengers towards ticketing non-compliances, to understand and cost effectively address the increase in fare non-compliances and reduce associated revenue losses.

I will now hand over to Jessica Hanna to present our findings on affordability.

Jessica Hanna (IPART): Thanks Jennifer. So as Carmel mentioned, our mandatory considerations for this review require us to ensure affordability and accessibility for disadvantaged groups. So throughout this review we've considered the affordability of fares generally as well as for disadvantaged groups. Because affordability can depend on a range of factors such as an individual's travel patterns, income, living expenses, eligibility for discounts, concessions, or other government benefits, our assessment of affordability considered a range of measures. To consider these aspects of affordability we looked at how Opal fares have changed over time in comparison to inflation, wages, expenses such as driving costs and other costs of living, how Opal fares compare to public transport fares in other jurisdictions, how much people spend on Opal fares as a percentage of income, and what groups of people spend the most on Opal fares.

So we looked at a representative week from March 2024 and we found that 5% of journeys are made using a Concession Opal card and 13% of journeys are made using a Gold Opal card for which seniors are eligible.

We found that on average Opal card holders spend \$19 a week on Opal services, which is equivalent to about 1.1% of the median full time weekly income in Sydney. About 7% of passengers reach the weekly cap relevant to their card type so that's \$25 for Child and Concession cards or \$50 for Adult cards and contactless cards. But we did find that people who work less than full time, who also travel frequently or over long distances, and that are on lower incomes could spend up to 8% to 11% of their weekly earnings on public transport. As Jennifer just mentioned, we've recommended expanding Concession eligibility for Health Care Card holders and Low Income Health Care Card holders. And we're also seeking comments on how others, particularly those facing vulnerability or living with disabilities, may need further support.

As we mentioned previously there has been a long-term trend of reducing fares in real terms. So although Opal fares have increased in nominal terms since 2014, that is, the price has gone up each year – train fares are almost 14% higher, bus fares 24% higher and ferry fares almost 9% higher, when you adjust for inflation, fares for trains, buses and ferries are respectively 12%, 4% and 16% lower than they were in 2014.

We also compared how fares have changed in comparison to wages. Fares have generally increased less in nominal terms than wages since 2013 and the ABS Wage Price Index has increased more than 24% since 2013 while public transport fares have increased between 9% and 24%.

We also compared the way that fares have increased in comparison to other expenses. So public transport fares have increased less than other major expenditure categories in recent years. These are based on costs in Sydney. Since 2013, housing and utility expenditure has increased the most - 42% and 32% respectively, while the price of urban transport and urban transport is a measure set by the ABS which includes taxi and rideshare fares, has increased by 17% over the same time. Since 2020 indexes for driving and other expenditure categories have also increased at a faster pace than urban fares.

So as I mentioned, we're seeking comments on any of the issues that have been raised throughout the review, and particularly in this session on affordability. We've asked 2 questions in our draft report that we're particularly interested in stakeholder views. The first, how can Transport for NSW support people experiencing vulnerability with their travel costs? And secondly, what challenges do people with disability face when using the Opal system to pay for public transport?

I'll hand back over to Ben to start the discussion.

1.2.1 Q&A

Ben Strate (IPART): Thanks Jess, and we'll open discussion up to the floor. I encourage everyone to share your views, ask questions, make comments particularly, encourage any comments or questions around the themes of affordability, concession fares, and the other topics that were discussed in the first presentation. If you have something to say, then you can let us know, either by putting something into the chat, or by raising your hand in Zoom. The raise hand icon will appear for some of you down the bottom. For others you may need to click on the icon that says 'More' with 3 dots on it, and you'll find the raise hand function in there.

So when you make your comment or ask your question, can you please say your name and if you're from an organisation, the organisation that you're from. Does anyone want to kick us off with a question or comment?

There are several. I'm on the wrong page. Thank you. Let's start with Jet.

Jet Hunt (Sydney University Postgraduate Association): So I just wanted to raise. So my name is Jet. I'm from the Sydney University Postgraduate Representative Association. So we represent postgraduate students at the University of Sydney.

We have recently led a campaign to have international students and part-time students included in the Opal concession scheme, because at present students who are part enrolled part time, and students who are international students are excluded from the concession program.

And I think when we talk about vulnerability those are 2 groups that are incredibly vulnerable, particularly in a context of rising cost of living and for international students facing a total lack of support from other channels. And that's particularly true in a context where many of our international students are coming from international contexts, where there's disruption at home, they can no longer access financial support from home and also where international students and part time students are increasingly required to complete long-term, unpaid placements in order to fill really much needed labour gaps in in our state. So we have many international students who complete long-term unpaid placements in hospitals, in schools, and yet they pay a standard adult fare to access their placement site. So we'd really like to advocate that IPART include international students and part time students in the concession program. We think that's a really important way to meet the needs of vulnerable people in NSW.

Ben Strate (IPART): Thanks Jet. Carmel is your hand raised to respond to that?

Carmel Donnelly (IPART): It is and thank you very much for that comment Jet. It is something that we're aware of, and is part of the reason why we are recommending in our Draft Report and seeking feedback on the idea that we would recommend in our Final Report that Transport for NSW consider reviewing and extending eligibility for Concession Opal cards. We did note that there are certain types of students that don't have eligibility. We got a lot of feedback from people supporting the Gold card and concessions for older people, but we did note that there are some younger groups that make an important contribution. So that's part of our thinking there. Now it isn't something that IPART can determine. It ultimately is a decision for Transport for NSW and the Government. But what we are floating with this Draft Report is that IPART would, we're considering in our Final Report making a recommendation that those concessions be extended to a broader range of groups and we had in our mind some of the student groups as well. So thank you very much for that feedback.

Ben Strate (IPART): We'll come to David's question or comment now and then we'll go to Weihong after that. Go ahead, David.

David Beres: Hi, I'm David Beres. I'm a public transport advocate, but I'm actually based in South Australia, but I was born in Sydney. I take a great observation what happens in Sydney in regard to IPART and public transport. Now, you're talking about concession eligibility. We forgot about the seniors cards. I don't know if NSW has seniors cards, but seniors card holders in various states actually get free travel on public transport. Here in South Australia it's between 9 and 3 in the off-peak, and then all weekends, and after 7 o'clock at night.

Also another thing that has to be considered with the fares, in Perth and Adelaide, which were the leaders of the nation for integrated fares and ticketing. Sydney came a bit last on the list of integrated ticketing according to history. What needs to happen is it's complicated when you change from one mode to another and even the brochures which highlight, if you change from one mode to another, you're told that you get either a decrease, you get a discount \$1 or you don't pay any extra. However, I'll recommend what Adelaide and Perth does, that for the metropolitan Sydney area, you get a chance to change from one mode to another within 2 hours. So if you get off your train at Penrith you can change to a bus, but there's no extra charge applied. However, if you, if it's beyond the suburban area you get 3 hours. So if you live in Newcastle you can catch a ferry, and then you don't pay any extra for that. However, we would have to accommodate a little bit of a higher fare structure to accommodate, if that would be the case. It works well in Sydney, sorry, works well in Adelaide and Perth because the timetable coordination is there, and I think Sydney's got the same thing with buses and trains, the timetables coordinate as best as they can. This provides seamless travel, and it provides better customer satisfaction for the customer in the long-term, because they don't have to worry Oh, how much do I have to top up my card all the time, if I've changed from one mode to another.

And also there was something in the report about the city increment will be abolished in the fares, train fares, and there was an example of International station highlighted. Can we also find a way for Domestic International, sorry, Domestic Airport to also be factored in? Because currently I travelled on the train from Penrith to Domestic Airport a couple of weeks ago, so I'm charged more like going from Penrith to the city, and then city to Domestic, if that makes sense. So I know the airport line is not part of your jurisdiction, but maybe consideration should be given that Domestic be included in that one as well. That's it. Thank you. Thank you for letting me comment.

Carmel Donnelly (IPART): Oh thanks David, and Ben I might just jump in and make a few comments in response. There's a lot of useful feedback there David, and we'll take all of that into account. I'll just let you know some of our thinking on some of those matters that you raise.

With our proposed recommendation, that Transport for NSW look at all of the concessions, we're also thinking about, we've also put forward a draft recommendation that they consider looking at how all these different concessions and rebates relate to each other. And that's because there are arrangements for seniors. They're quite straightforward, but over time, as fares increase and change and caps have changed, it would be worth looking at whether or not, in fact, it's working as intended.

The transfer discount is one that in particular we were thinking about. And you mentioned people who need to change from one mode of transport to another. They are eligible for a transfer discount that was set quite a long time ago to be equal to the shortest bus fare, but hasn't kept pace with changes so it's not worth as much now, and we did hear from some people who gave us feedback that they would use public transport more if they had direct services. Now, even though there's new services coming online, that may not be ever, you know, possible for everybody. But certainly if they're now paying more in a comparative way to what they were when that transfer discount is set, then that's not helping them. So that's one of the ones that we particularly were thinking about in terms of concessions and rebates.

The CBD increment is an interesting one. Our understanding is that back in the world of paper ticketing there was a ticketing and pricing approach that meant that if you went into the CBD it automatically adds 3.21 kilometres, the team will correct me if I've got the number wrong there, but to your fare, which is distance based. And we are suggesting that that be removed because we're not in paper ticketing land anymore. And it does mean that there are some anomalies so that you could be in one station, and you know, the fare is a certain amount, and then when you add the 3 or so kilometres to someone at the next station they go into that higher fare bracket and pay more. But they're actually not on a distance basis traveling that much more to go into the higher fare bracket.

So you've given us some really good feedback there, and we'll consider all of that. But just to let you know some of those issues are things that we've definitely heard from others and we have in mind.

Ben Strate (IPART): Thank you David. Come to Weihong next. I note also there's a comment from Harrison in the chat. Harrison, after Weihong I might see whether you have anything to add to that comment. And also note Ash's comment following up on Jet's point as well. So go ahead Weihong.

Weihong Liang (USYD SUPRA): Okay, thank you. I'm Weihong Liang from Sydney University. I'm the currently Education Officer of SUPRA as well as the Chair of International Student Representative Committee of NSW. I want to follow Jet's comment on the student transport concession. Actually, last year we launched an e-petition to Parliamentary. We get 20,000 signatures, and they have a discussion and debate at the Parliamentary. As one of the content of the debating, actually, I want to share some personal information and experience what we get from the campaign. I got one story, it's really interesting that one of our USYD students, when they travel to Canberra they can get a travel concession by the day, but they only have 3 days in Canberra then they get a concession. When they back to USYD they can get nothing at NSW and Sydney.

And we have lots of students actually moved from Europe or from America. Some of them just come from Melbourne. They all have their transport concession program. Some is just give a directly discount. I noticed in Melbourne they have one pay or so-called 90 days or half year pay program. And when we do the research we find actually in NSW we was have a discount program between 2012 to 2016 and then that disappear.

When we try to meet the MPs and Parliamentary officers during the campaign we ask that question, why that program disappear? Why we are the only state to not really have any support for those students. They only gave me an answer that we do not really understand, "*We do not really know that.*" And when we ask them what is the cost and benefit for, if they introduce that to international cohort, no one can give us a really clear comment.

So what we really want to ask today is if we give the recommendation, probably can [*in my*] opinion, include the student international or 'students' named, so students, as a disadvantaged [*group*] in the concession cohort? And in the meantime, probably we may need to ask them to do a review or specific review on the cost and benefit. We can get lots of benefit further if we introduce that to the system but no one really have a clear idea on that. Yeah, that's my comment. Thank you.

Carmel Donnelly (IPART): Thanks. I might jump in there too and say, that's all very useful feedback and it indicates to me that we should go forward and recommend that there be an extension of the concessions. And clearly, if work needs to be done which it would to review what's the cost and benefit, and how are they set, then that's likely to be something we'll take into account in in our Final Report. So thank you very much for that.

Ben Strate (IPART): David, I just want to check whether your hand is raised from earlier.

David Beres: No, it's not. I just switched off to audio.

Ben Strate (IPART): Oh, okay, if you could pop it back down please, unless you've got another comment. I'll go to Harrison now. Harrison, you're on mute.

Harrison lo: Hi, I'm Harrison. I definitely agree with some attendees that international students should be included in the concession or the concession scheme since they are quite vulnerable.

I would say that the fares should be increased anyway, based on the CPI and wage index as a way to improve the cost recovery and provide quality service. Since the current financial burden or financial situation of Transport for NSW definitely impacts the ability of Transport for NSW to expand bus and train services as well as maintaining quality services.

Also Transport for NSW should make use of other ways to increase the non-fare revenue, such as having the advertisements at the stations and bus stops as well as on the bus, so that it improves the financial situation through advertisement.

Ben Strate (IPART): Thank you for that comment Harrison. I'll, unless there's a response from the team on that. Carmel, would you.

Carmel Donnelly (IPART): Oh, I just will thank Harrison also for that comment, and increasing with inflation is something that we've certainly got in mind, and we'll take that feedback into account.

Ben Strate (IPART): I'll come now to Matt, and then I noticed there's a question from Jacqui in the chat, so I'll go to Matt and then Jacqui. Matt?

Matt McMullen: Can you hear me okay?

Ben Strate (IPART): Yes, we can.

Matt McMullen: Fantastic. Sorry I've had some technical difficulties. I'm actually up in Brisbane at the moment where public transport fares are 50 cent, which is fantastic. And I've been making very good use of that. I'm just joining in my personal capacity today, I'm on annual leave. I am Senior Transport Planner at City of Newcastle, and Jacqui 's my colleague. Just wanted to make a couple of points that we raised in our submission.

Public transport is really low in Newcastle. And you know we certainly believe that we should be trying to incentivise people to shift modes as much as possible. Public transport isn't, we don't have the frequency of services like metropolitan Sydney does. For instance, we've got very limited bus services in many parts of our local government area and adjoining local government areas.

People living in our area tend to travel further distances as well for access services. So quite often they will be charged the maximum fare band for things like traveling to university, to hospital, to jobs. So essentially, people in regional areas are paying the same rates as people traveling in Sydney, but they don't have comparable services, and you know we don't have the same mode share as some of the other metropolitan areas. So I just would be interested to hear your thoughts on why, you believe it's well, why there's a desire to keep metropolitan Sydney transport bills in line with regional areas.

Carmel Donnelly (IPART): Thanks for that, Matt. Firstly, let me thank you for raising that issue. We haven't finished this review yet. We're still thinking through feedback and this consultation is very important, and so we will consider the points that you've made as we work through the rest of this review and come up with our final recommendations. We've been looking at what the maximum fares should be and in doing that we've used the current different modes of transport and distance fare bands as a way of setting maximum. It is still open to the Government and Transport for NSW to set fares at a lower rate, and they do usually do that. But we've also kept an open mind about the fact that there might be new services coming on board, changes in technology, reviews about encouraging use of public transport that might mean there are different fare structures, and so in our proposed approach we're also setting just an overarching average weighted maximum fare that would enable more flexibility in design of fares. So I think if Transport for NSW were over time to think about setting fares differently to how they do now, our maximum fare structure wouldn't be a barrier to that. But that said, we'll take into account those considerations about Newcastle, for instance.

I think we've got another question Ben, another couple of questions that maybe we'll go to, and I can make a few points in response to those as well. They're not a million miles away from the points Matt's raised, so I won't go on and on. I'll want to hear from the other people as well.

Ben Strate (IPART): Thanks Carmel. We'll come back to those questions perhaps after we go to Jacqui's question. So Jacqui's noticed there doesn't seem to be any recommendations to reduce fares and while there are some recommendations to keep fares the same, particularly for buses, was wondering if this is because the feedback indicated prices were too high but there wasn't a mechanism to recommend reduced fares. Jacqui did you have anything to add to that question?

Jacqueline Hicks: No, I think that sort of sums.

Ben Strate (IPART): Okay.

Carmel Donnelly (IPART): Yeah, it's an important question and look, it is a little bit similar to the issue raised about Newcastle. Again, sort of why haven't we, particularly, you know, focused on particular areas of the state or particular groups of people and said the maximum fare should be dropped. The short answer is that we're setting the maximum and it is still open to Transport for NSW to set below that and we have kept in mind these issues about affordability and access in suggesting that concessions be extended to more groups and also that the way that different discounts and rebates work together be looked at by Transport for NSW.

But the other, the other issue that we've taken into account is this issue of getting the balance right. As we saw earlier, the fares cover about, we estimate about 18% of the costs of covering public transport in the Opal network. Now, if that was to reduce it would mean that the Government has to contribute more. And that's from taxpayer revenue and that includes taxpayers who maybe don't use Opal, although there are broader community benefits from having the Opal network, or including taxpayers from other parts of regional NSW who have no access to this Opal network at all. It's not even a matter of choice for them. So that's got to be taken into account.

And then the other is we've mentioned a little bit in some of the papers that we've released, when fares drop below a certain level or are free, we've looked at what happens around the world, and there are mixed results. Sometimes it leads to more congestion which affects the service quality. Sometimes it doesn't, it actually can increase costs for the system. So we had to think about all of those things as well. Now, I think, we're still working on this and we're still very much considering the feedback. But there's some of the things that we've considered and keeping in mind that our job is to set the maximum price ceiling but it is still open to Transport for NSW to redesign the fares and go below that and we do think that concessions and rebates and discounts is an area for them to look at.

Ben Strate (IPART): I've got comments and questions from David and Billy. David, would you like to go first?

David Beres: I can. Okay. So I pointed out in my comments about the disabilities and how we can access, how they find it difficult to access fares and the understanding. I pointed out that just recently when I travelled in Sydney, whilst I don't have a disability as such, I asked is there a fares guide or anything. At Central station, the information place, as well as various major stations that includes Penrith, Blacktown, Circular Quay, and other stations, even Hornsby, Strathfield, they all said, sorry, Transport for NSW have ordered any brochures, timetable booklets to not be available to the general public because everything is online. Now, that doesn't help those who have got a disability who can't access the Internet, that's actually in South Australia I nickname it digital by default, by discrimination. So in other words, they're discriminating against those who cannot access the Internet. This includes any other marketing material like public transport maps and all that. I know it's not part of IPART to talk about that sort of thing, but it sort of, if you look at the big picture, if you can't access information you'll just be disillusioned and decide I'll catch a taxi or I'll drive my own car or I'll use Uber or I'll get my carer to, you know, have to take me, which would be a longer distance and pay more, so.

Carmel Donnelly (IPART): Thanks David. And look we are, we have been asked to look at access and affordability for disadvantaged groups and certainly I know the Tribunal would be very interested in this feedback about people with disability and accessibility. So thank you for that. We'll give that some thought in terms of the final.

Effectively, you know, it's ultimately a decision for Transport for NSW but we may decide to make some comments and put some information about that and some suggestions about that. So thank you very much for letting us know your thoughts.

Ben Strate (IPART): Let's go to Billy now.

Billy Pringle (CPSA): Hi there. Yeah. My name is Billy. I'm calling in from CPSA and I just wanted to build on the point that Jacqui made but also return to that point that you made Carmel about the question of lower fares, you know, potentially leading to congestion on the network. Because from, you know, from the data that we see in the report, it seems as though we've seen a pretty significant drop in the usage of public transport since, you know, the beginning of COVID, and that seems to be part of why, you know, fares are only covering 18% of the cost. So I'm just curious how that kind of resolves with the idea that lowering fares increases usage. I mean, surely we want to be increasing usage at this point.

I also just quickly want to kind of push back on the idea of this being, you know, a cost to taxpayers. It's a cost to the public purse that, you know, NSW government has many different ways of raising revenue and also cross, you know, cross subsidisation of taxpayer funds is part of living in a society. So I think it's important for us to not think that somebody is being cheated just because the public transport system gets better.

Carmel Donnelly (IPART): No, thanks Billy. Certainly take those points. We are, I think we're going to hear from the team a little later about passenger numbers and we've certainly given that some thought. There's a range of scenarios that might occur in terms of increasing patronage. It may not have reached its peak, you know, in bouncing back yet. And we're certainly very mindful that we don't, we didn't as a Tribunal want to suggest that fares go up because there's a reduced level of cost recovery, because that's counterproductive. And I think, you know, you make a fair point about government makes decisions about spending money on all sorts of things in the broader public interest and one of the other things that we've considered is the broader benefits for everybody of having people who can choose to use public transport using public transport. And I think you'll hear a little bit more about that after the break. But thanks very much for your feedback on that. We'll take that all into account.

Ben Strate (IPART): Thanks Billy. I'd like to now go back to those questions that were on the slides earlier, if we could, just to make sure if anyone has comments on those that there's an opportunity to share them. So to whoever's managing the slides, I might just start reading while you bring those up.

So the first is, how can Transport for NSW support people experiencing vulnerability? Does anyone have anything in particular that they would like to suggest, or any comments on this point?

David Beres: Quick one.

Ben Strate (IPART): Go ahead David.

David Beres: Yeah, just a, just a very quick one about the vulnerability. In various states in Australia they actually give to social welfare agencies like Salvation Army, St Vincent De Paul or Vinnies, they actually give free public transport tickets to those who are homeless so they can use public transport for that time. So maybe considering getting an Opal card that tops up for, say, about, say, \$15 and then, you know, they, the Government donate, say, you know, \$10 or \$15, depending on, it's up to the Government how much they do, but that would actually help the homeless or those who are vulnerable, especially those who are suffering domestic violence. Women who are suffering domestic violence are in a very hard situation. They've left home. They're living in cars. They don't know how to get. So maybe that might be an option for the Government to consider, and also IPART.

Ben Strate (IPART): Thank you for that, David. Would anyone else like to make a comment on the first question? Jet.

Jet Hunt (Sydney University Postgraduate Association): Yeah. So I just wanted to reiterate, I guess my hope that international students and part time students would be made part of the specific recommendation. I know initially in the presentation there was mention of Health Care Card eligibility being included. But I guess obviously international students aren't part of that eligibility group, and many part time students may not be either. So yeah, I just wanted to reiterate that.

Ben Strate (IPART): Thanks Jet. Any further comments on the first question? **Jacqueline Hicks:**Billy.

Billy Pringle (CPSA): Hi, yeah, I just want to speak to people on JobSeeker on this, on this question. I think you know obviously we have, you've recommended expanding the concession card to cover people on income support, regardless of the percentage of income support that they get, which I think is really important. I'm wondering as well if there is a way to, in some way, I don't know, exempt people on concessions from peak fares, because oftentimes, you know, if you're having to attend a job service meeting or something like that on JobSeeker you don't have much of a chance of determining when that is, and you don't really have much freedom in navigating the public transport system to reduce costs for yourself, and yet we're talking about a group of people who for the most part have the lowest level of income support and some of the highest costs as a percentage of their income.

Ben Strate (IPART): Thanks for that suggestion Billy. Hi Carmel.

Carmel Donnelly (IPART): I was just going to say we'll take that on board.

Ben Strate (IPART): Alright. If there's nothing further on the first question, I'll move us on to the second one around what challenges face people with disability when using the Opal system to pay for public transport. Does anyone have any views on this point? Ash.

Ash Fowler: Yeah. Hi, so I am also from the CPSA Combined Pensioners and Superannuants Association. And something that does come up for us a little bit is, I guess, the lack of I suppose compatibility between the Opal network and non-Opal transfer like out in regional areas. So something that we hear, for instance is, you know, pensioners that might have their, you know, their Pensioner Excursion ticket and they're going to Sydney and then when they hit, you know, the boundaries of the Opal system, if they want to, you know, continue to use their Gold Opal card they need to get off the train, go down, tap on, come back up, get back on the train. They might have baggage. Sometimes that means that people are, you know, having to wait for the next train to come past. Obviously not all the stations in, you know, NSW are fully accessible yet so that means that people might also be navigating stairs. And it's, you know, it's definitely something that comes up that we hear about from kind of our members and constituents. So yeah, I guess that's something that I think Transport for NSW needs to be more aware of.

Carmel Donnelly (IPART): Thanks Ash. That's good insight. We'll take that into account.

Ben Strate (IPART): David.

David Beres: Yeah Ash, you've just, and everyone, Ash has highlighted something that should be a long-term thing for IPART to consider that a NSW wide Opal card, you know availability, in other words, that you can use your Opal card if you get off say, a train at Orange, for example, when you want to use the Orange town bus service, you can actually transfer and use that. They do that in Victoria with the myki card currently and Queensland is doing it currently with their, slowly but surely, they're doing it with their Translink go card ticketing. Correct me if I'm wrong, the person who's currently in Brisbane. But with that one in Brisbane they actually standardise the fares to make it the same. So, for example, if it's Zone 1 fare, say \$2.50 in southeast Queensland, it's \$2.50 in Toowoomba for Zone 1 fare, for example. So you need that harmonisation to take place.

Whilst it might cost a lot to implement, it might, but we are seeing that the NSW Government is spending what 500 million on a new ticketing system, not a new ticketing, an update of the Opal system. That factor, you know, on its own should be something that has to be looked at to not only increase patronage, but it could, it could also increase people in country towns using their public transport system if they see that oh yeah, we can use it. That easily has to be seamless, to make, seamless affordable is the key to make sure public transport is well used.

Carmel Donnelly (IPART): Thanks David.

Jessica Hanna (IPART): Sorry Ben, you're on mute.

Jennifer Vincent (IPART): Ben you're on mute.

Ben Strate (IPART): Oh, I was doing so well too. Are there any further comments on the second of those questions.

Carmel Donnelly (IPART): Ben, there's a comment in the chat from Jacqui about people who have moments of vulnerability, which I'm happy for us to take into account, but Jacqui might want to talk about that.

Jacqueline Hicks: Yeah, is that okay?

Ben Strate (IPART): Yes, go ahead.

Jacqueline Hicks: Yeah, basically, you know. while some of us for most of our lives are not vulnerable, we have moments of vulnerability in our lives, and they can be real turning points in how you choose to travel and how you, like your psychological welfare and your ability to participate in the community. And when you're a new parent, it's definitely a moment, and it's also a moment where a lot of people go and buy really big cars because they don't know what else to do. And so, looking at this as a moment where we could be offering ease of use of public transport, making it as cheap as possible, making it as easy as possible for parents to use public transport with their baby. I think it would be a really, it would be a really good thing not only setting up good habits after you get past that moment of vulnerability, but also just yeah, giving people that opportunity to be able to get through those difficult times if that makes sense.

Ben Strate (IPART): Thanks Jacqui, and I note that Kel's having some difficulty with the mic, and has made some comments in the chat in support of your comments, so thank you for that as well Kel. Before we go to a break, are there any other questions or comments, not necessarily on these points but anything else on affordability before we move on. Jet.

Jet Hunt (Sydney University Postgraduate Association): Sorry. Kel's point just reminded me as well that some feedback we've had from our disability and carers network is that the logistical difficulty of tapping on multiple people can be really frustrating for parents, especially when wrangling children. And increasingly, I guess, as fewer people have Opal cards because you can tap on using a credit card, it can be quite difficult when traveling with dependents. Whether that be someone you care for or so in like, I guess increasing the capacity to be able to tap on multiple times can be quite a relief for lots of vulnerable people.

Carmel Donnelly (IPART): Thanks Jet.

Ben Strate (IPART): Any further comments or questions? There will be a further opportunity after our second presentation so don't feel that you've missed out on the chance to have your say. But if there is anything else on the theme of affordability let's go to that now before we take our short break. Matt.

Matt McMullen: I was just going to briefly add one thing just to Jet's point that was just made. When I was, when I was younger, in Newcastle we had time-based fares, and under the time-based fare structure my mum had 3 children, I was obviously one of them, and she would only have to purchase one ticket for all those children that she was travelling with that were under the age of 16 I believe. So, and then, when we changed over from time-based fares to distance-based fares I believe that now it is requirement that every child over the age of 4 has their own individual Opal card. So that's just one example of where we're now paying considerably more for largely the same public transport service that we've had for decades.

Ben Strate (IPART): Thanks for that observation Matt. I think this might be a good time for us to take a break. I'll suggest that we reconvene at 11:15am. So thank you everyone for your questions and your feedback. We look forward to further discussion after the break. So see you all at 11:15am. Thank you.

[Break]

1.3 Session 2

Ben Strate (IPART): Welcome back everyone. We'll move on now to session 2. In this session we'll discuss patronage forecasts, financial and operational performance, our draft fare determination and findings on the fare package. I'll hand over to Lawson for a presentation.

Lawson Spencer (IPART): Thanks, Ben. We've considered how patronage may change over our determination period. A forecast of patronage is important for this review, because we are required to estimate the impact that our fare determination will have on the financial performance of the Opal network. An estimate of patronage is required to undertake this assessment.

In our previous review we expected patronage to grow at about 5% a year. This has not occurred, mostly due to the significant disruptions caused by COVID-19. Instead patronage in the 2023-24 financial year was about 86% of the trips undertaken in the year prior to COVID-19, which was the 2018-19 financial year. Annual patronage was lowest in the year 2021-22, and we have now experienced 2 years of patronage growth.

We expect that patronage will continue to grow throughout our determination period. We are forecasting patronage growth between 2% and 5% a year, while population growth is expected to grow at about 1.2% a year.

We've developed a range of patronage forecasts for this review, because of the disruptions to patronage over the last 5 years. The lower bound of our forecast is a scenario in which patronage only grows slightly above population growth. The upper bound is a return to the 5% growth that was forecast in the previous review. We think that patronage growth will be supported by new services, such as the metro, but it may also be reduced by factors such as continued working from home arrangements.

One of the fair setting objectives of our review is to set fares that support the financial performance of the public transport network. We investigated the financial performance of the Opal network and modelled how it would respond to different levels of maximum fares. We found that the proportion of operating costs recovered by fares declined in the years most impacted by COVID-19, but that it has started to recover. In the 2022-23 financial year the cost recovery was 18%, compared to 25% in the 2018-19 financial year.

We expect that financial performance will improve over the determination period due to 2 factors, an increase in the average maximum fare and an increase in patronage. We expect that under our draft determination of fares, cost recovery would improve to 24% in the year 2024-25. However, we would also expect it to slightly decline to 22% by the end of the period. This result is produced because we've used an estimate of 3% growth in revenue each year, which is a slower growth than the forecast growth in costs. Costs are expected to grow, in part, due to the opening of new services, such as the metro.

Fare non-compliance, which includes behaviour such as not tapping on, or someone tapping on with a concession card they are not entitled to has increased since 2021. The lost revenue from fare evasion did have an impact on the total revenue received from passengers which affects the financial performance of public transport. However, lost revenue caused by fare evasion does not result in higher maximum Opal fares. The cost of fare evasion is borne by the taxpayer. Fare non-compliance was not the main driver of reduced revenue and cost recovery of the Opal network, but it has contributed to the decline.

Cost recovery can be calculated in several ways. For this review we calculated cost recovery as the farebox revenue, divided by the operating costs, plus all shared costs of public transport, such as the ticketing infrastructure. We chose this method as it is simple and easily repeatable in future reviews. Focusing on operating costs reduces the complexity of calculations as changes in accounting standards can impact how capital costs are recognised on an annual basis. The method is reliant on accounting assumptions. These can change due to contract arrangements or changes in departmental structures. The method we have used should allow comparability of cost recovery over time.

I'll now hand over to Carol Lin to discuss our draft determination.

Carol Lin (IPART): Thanks Lawson. Our draft determination sets out a maximum average fare for the 2024 to 2028 period. We have set this at a level that is 2% higher in real terms compared to the current maximum average fare.

Our draft determination allows Transport for NSW to make changes to the fare structure as long as the weighted average fare is below this maximum. This means that Transport for NSW can raise some fares by more than others.

Additionally, the current fares are below the current maximum fares, so this also means that Transport could increase current fares by more than 2%. We acknowledge this may introduce uncertainty for some customers, and we are seeking feedback on whether IPART should apply any additional constraints, for example, limiting the increase in a single year for any individual fare.

The maximum average fare would increase by the change in the CPI each year on 1 July. This is different from the approach we took in our last review when we included an estimate of future inflation in the determined fares. We think it is appropriate to use actual changes in CPI this time given the inflation volatility observed in recent years. We are interested in feedback on this, that is, whether estimated future inflation should be included, or fares should change based on actual inflation experienced.

If Transport for NSW decides to maintain the existing distance bands, we have also set draft maximum fares for each mode and distance band. The boxes here present the changes in the maximum fares in real terms for each mode which we discussed in session 1. If we multiply the maximum fare for each mode and distance band by the corresponding share of total trips, the sum of these would be equal to the maximum average fare that we have set.

Under our draft determination the maximum fares would apply from 1 December 2024 and remain constant in real terms to 30 June 2028. And this gives Transport for NSW flexibility to set its own price path. They can choose to increase fares to the maximum through a one-off increase or spread the increase over several years. This enables Transport for NSW to respond to cost-of-living concerns or unexpected events, such as COVID. We would like to understand if stakeholders would prefer IPART to set a price path instead.

Currently for train trips, including metro trips, to or from a city station, the trip distance is measured as the distance between a station and its gateway station, which is Central, Wynyard or Kings Cross, depending on the line plus a CBD increment of 3.21 kilometres.

In our Draft Report we propose removing the CBD increment. We consider the distance of any train trip should be based on the shortest track distance between the departure point and destination point to reflect the actual distance travelled. We expect that as a result of our draft decisions 33 trips would move to a lower distance band and 2 trips would move to a higher distance band. Our Draft Report includes further information on the stations and trips that will be impacted, though the analysis does not take into account the commencement of the new metro line between Chatswood and Sydenham at this stage. We think that the changes would provide a fairer way of calculating fares for all train trips with the impact being approximately 3 cents per adult train trip.

We are seeking feedback on the removal of the CBD increment and if the forgone revenue should be recovered from all train trips taken on the Opal network. We are also interested in understanding if any alternatives to the distance-based CBD increment should be included in fares.

Our draft determination sets out the maximum fares for Opal services. The NSW Government may set fares below this level, but not above. The Opal system also uses a series of fare rules to calculate the exact fare paid for by a traveller for a trip or series of trips. These fare rules work together to discount the price of trips or journeys in certain circumstances.

Our Draft Report makes recommendations for the NSW Government to consider in relation to the existing fare rules to promote affordability, simplicity, accessibility, patronage, and utilisation. These include reviewing current peak and off-peak arrangements; reviewing the relativities between fare types, discounts, caps, and other elements of the fare package; reducing fares or offering rebates when significant impacts to service quality occur, as well as a couple of others discussed earlier.

As part of our analysis on the fare package, we identified an opportunity to integrate the Newcastle and Sydney Ferry fare schedules. This could involve introducing a shorter distance band which would split the current shortest Sydney ferry band of 0 to 9 kilometres. We are seeking feedback from stakeholders on whether the fare schedule should be integrated, and if so, what the upper limit of the shortest distance band should be set at.

So this slide presents some of the key issues we are seeking feedback on in relation to the materials covered in this session. We are also interested in comments or any other issues raised throughout our review process, and I will hand back to Ben to facilitate the discussion. Thank you.

Ben Strate (IPART): Thanks Carol. I might suggest that this time we start with those questions that are on the slides. Just noting that, David, you've already provided some feedback on the third of those questions and some other comments in the chat as well.

But let's perhaps start with the, we might start with the first of the questions which I might need back up again. Apologies, really around the flexibility afforded to Transport for NSW, and whether there should be additional constraints set on the price path. Does anyone have any views on that point?

If not, if you think of something later, feel free to raise it as we continue. Are there any thoughts on the question around CPI, and whether that should be forecasted or based on actual inflation?
Billy?

Billy Pringle (CPSA): I'm just wondering, with the forecasting that you've done in the past, has it ended up being lower than actual inflation because obviously, I think my stance and the stance of CPSA would be whatever is the lower figure that makes things more affordable for people would, should be the one that we go with, and potentially the more predictable figure. But I think that's the kind of main issue for us.

Ben Strate (IPART): Thanks Billy, Carmel you?

Carmel Donnelly (IPART): Oh, look, I just acknowledge that feedback, and I think the problem with a forecast is, no matter how well you do it. It's not a hundred percent. And so when you do end up with costs going up more, more quickly, perhaps in an unpredicted way, then you get that gap that we've seen over the last determination period. But take your point, Billy.

Ben Strate (IPART): Thanks. I note Kel's comment there, I hope you don't mind me speaking for you in your absence, in the absence of your mic. Kel, that you suggest actual wage growth. Given that transport is a household expense. So thank you for that suggestion as well.

Carmel Donnelly (IPART): Thanks.

Ben Strate (IPART): Any other thoughts on CPI or other indexing? How about on the removal of the CBD increment. David. You're on mute, David.

David Beres: Okay. There was a question about the actual wage growth. How is IPART calculating those who are on pensions because you know I think the Federal Government works out that they look at pensions, and that's they look at what the average weekly wage is. But how do we look at concession fares, and how do you work on concession? I know it might be half of the adult fare. But how do you guys, what's your formula with that? And the city increment, like I pointed out previously, if it includes, you've said international airport. If you include domestic, we might actually get a decrease in fares, and we might actually get people using the train to get to the airport. Because currently, a lot of Sydneysiders, don't. I myself as a tourist have to use it because, you know, I don't want to spend \$120 to get out to Penrith where my parents live for a taxi free, for example. So, okay, I'll leave it up to you guys to answer that question.

Carmel Donnelly (IPART): Oh, look, thanks David. I'm sorry, Ben. I'll just make a few comments. The team might want to add, and ultimately, you know, we'll take those questions on board as we continue to work on this. When we've been talking about CPI, it's the consumer price index, and that's not how much wages have grown, or indeed pensions. perhaps, but things that you might buy. And how much the cost of those have gone up. And so that's slightly different. And the suggestion about basing it on wages is another issue that we can consider as we go forward on the review. There is, I think, also in your comments a point about concession fares relative to the full price adult fares and that is something that we have already made a draft recommendation about that Transport for NSW would look at how they all relate to each other, not just for simplicity, but for fairness. For instance, if concession fares don't increase in line with changes, then they might fall out of step with the cost, so they might not have as much value as they did when they were first introduced. So just we'll see if anyone from the team wanted to add to those comments. But my thanks, David, for raising some good questions there.

Jessica Hanna (IPART): I could just add that when we did our affordability assessment, we compared sort of statistics based on Sydney median incomes, and we also had a look at some other aspects, such as the median income for part time workers, minimum wage if you were doing minimum wage for 20 hours, a JobSeeker recipient. And we compared those against both the average spend for that type of card. So a concession card or an adult card. But all of that is sort of backwards looking. It's not about forecasting what might happen in the future.

Ben Strate (IPART): Thanks, Jess. I see Jacqui has also included a suggestion in the chat, oh Jennifer, would you, was there something you wanted to add to that earlier response, yeah.

Jennifer Vincent (IPART): Yes, sorry. I just wanted to add just in terms of the issue around domestic or international airport. Just to explain the impact of the removal of the CBD increment. It only affects some stations because of the movement between different distance bands. So we haven't selected specific stations and said it should be removed from there. We have said that the measurement should be the shortest track distance which would remove CBD increment from the calculation, and we've looked at which stations that would affect, because the recalculation of the distance around the actual shortest track distance related to what the track distance was with the CBD increment included. Oh, thanks for the slide. Yep, so those highlighted stations are ones where removal of the CBD increment would change the distance band for people taking a trip from there into the city and therefore change the fare. So that's why I think David pointed out that the domestic airport, no sorry international is picked up, but not domestic. And that's just a result of the removal of CBD increment from all distance calculations.

Ben Strate (IPART): Thanks Jennifer. Is there anything further on the CBD increment? So I note Jacqui's suggestion in the chat as well that on back on indexing that it could potentially be the lowest of CPI, wage growth and cost of driving growth or something like that. So thank you for that suggestion, Jacqui, if there's, is that a fair summary?

Jacqui: Yeah, that's fine.

Ben Strate (IPART) And perhaps we could go as well to the fourth of the questions that were on the slides around the Newcastle Ferry and Sydney Ferry modes being integrated into a single ferry mode. Does anyone have any thoughts on that question?

Jacqueline Hicks: Can I talk or?

Ben Strate (IPART): Yes, yes, go ahead, Jacqui. Yep.

Jacqueline Hicks: Sorry. Yeah, I'm a bit worried about that. And I guess that's because, like, we're worried about Newcastle and Sydney being, you know, seen as the same all around. And so, and I know that ferries are very expensive in Sydney. And I am, yeah, I'm just aware of, like Stockton doesn't necessarily have very, it's not a very wealthy suburb. So Stockton is the area that that the ferry goes to. And it does provide a really important lifeline for the people of Stockton. And I think we should be very, very wary about increasing the cost. It's a really amazing transport option for them, but otherwise they don't really have great transport options otherwise, so it would be quite complicated for them to use the bus system. And I think we should definitely cherish that connection and not risk it and not increase vulnerability to people living in Stockton. Yeah, that would be my, and it's also a great, I mean, this is a different thing maybe, but it is a great connection also for people to actually see that as an option to drive or catch the bus to Stockton from further up in Port Stephens, and then be able to come into the city. And so, therefore, it reduces a lot of stress on our road network. So it has a lot of benefits, and our parking in the city and things like that. So if we're, yeah I'm just very, very wary. I would really like to, yeah, not integrate Newcastle and Sydney Ferry services, and preferably yeah, not even increase it by 7%. But yeah, I think we should cherish it.

Ben Strate (IPART): Thank you, Jacqui, Carmel.

Carmel Donnelly (IPART): Oh look I thought I might just make a few comments and thank you, Jacqui for making those points, and we'll take them into account. I'm sure that there are people who don't have the background on the Stockton Ferry so I thought I might just talk a little bit about it. It's an interesting one. It's very unique. It's, so that ferry for technology reasons, the fare in the past has just been linked to the shortest bus trip. But ferries do cost a little bit more, their operating costs are a little bit higher than a bus, and there's no technology reason for linking it to bus fares from now on. So we looked at that. And what we would be proposing is that the maximum fare would be a little bit higher as a ferry. I think we're looking at \$3.55 as the maximum fare for it, for that ferry service. And not linking it to bus services which are, I think, about 20 or 30 cents less in the maximum fare, and the team could correct me if I've got that wrong because I am not going to flip through the pages while I'm talking.

But the question that we're interested in is, does it just stay on its own with that kind of maximum fare or if we were to actually integrate it with the Sydney ferry services. They're often, their maximum fare, because they're longer trips, is more like the \$6 or \$7 range. So we haven't done that. We'd need to have a shorter distance band. So that's our thinking about it. We certainly haven't gone with having a maximum fare that's similar to the Sydney ferries. It's just about recognising that it should be slightly higher than a bus fare because the costs are a bit different. But happy to take all the feedback on board, certainly, and that's why we've called this out as a particular issue to hear from people about.

Ben Strate (IPART): Thanks Jacqui, and thanks, David, for your comment on the same point in the chat. Was there anything you wanted to add to that? If not, is there anyone else who has views on this fourth question around Newcastle and Sydney ferry services?

Okay. And then, are there any questions on anything else. Just opening it up, particularly things that were raised in the presentations, or anything else out of the draft report and determination. Or comments? It seems we, oh, Jacqui. I almost spoke too soon. Would you like to ask a question and make a comment?

Jacqueline Hicks: Sorry I couldn't find the hand button. Yeah. I just wanted to ask whether you reconsidered the bands, the distance bands as part of it this or was that out of scope? And whether you considered the idea of looking at sort of, weekly, monthly kind of tickets that you get, and then you can use as much as you like. That could be a little bit cheaper than the, what's it called, the kind of cut off, the \$50 one. Make it much cheaper than that, because people are making a commitment to just use public transport. And it's something that in Newcastle we really, we really need that commitment. Because, at the moment most people do have cars. So if we can, and obviously the marginal costs, once you buy your car is minimal compared to the cost of ownership. So in the same way, like, it would be interesting to look at like if you can have a card that you, you know you just buy. And then, once you've got it, it's free for the month like they do in lots of European cities.

Carmel Donnelly (IPART): Ben, if you like to. I might just say a few words, and then ask the team to add. I think, starting with your last point there we certainly consider the broader benefits of people using public transport compared to cars, and that's been factored in. And benefits like reduced congestion and pollution as well as things like the contribution to the economy and social connection that access to public transport bring.

In terms of thinking about the current fare structures and the distance bands, what we're proposing is that we would set maximum fares based on the current structure. But we have been very mindful that there may be very good reasons that that won't stay. You know that, that people may feel that the fare structures need improving. There might be new technology that enables with new ticketing systems or so on that enables improvements. We've heard certainly suggestions that we've talked about today, even about, you know, ease of transport for different groups, and you know, tapping on for all of your family and so on. There may be changes that are good ideas, and we wouldn't want to have the maximum fares and the fare structure a barrier to that. So that's why we've also set the maximum average fare that really keeps a lid on prices overall but it would allow more flexibility. But I certainly take the points that you're making into account. I'll just see if anyone from the team wants to add to those comments.

Jessica Hanna (IPART): I might just add thinking about changing the bands. It wasn't out of scope, and we did make some consideration of that and of course we think the right balance is assessing for the bands that exist at the moment, but providing that flexibility. It's the combination of the simplicity and the flexibility.

In terms of the subscription fares, that's something that would really be enabled by the new ticketing system. And so for this period it looks like that new ticketing system is unlikely to be in place, and that's why we haven't given a lot of consideration to that, noting that there is sort of already that \$50 cap which promotes affordability.

Ben Strate (IPART): Thank you. I see we have questions from Billy and from David, and Bernard has also asked a question in the chat and doesn't have a mic. Just while we're on the subject of fare banding I might suggest that we move to that question, which is really whether, if fares even need to be banded at all. Does anyone from the team have it? So that I guess the example that's given is a flag fall bus charge plus a per kilometre charge. Mike, did you have a response on that?

Mike Smart (IPART): Yeah thanks. I'd just like to respond to Bernard's comment. I think it's an interesting suggestion, and I guess the advantage of doing things that way would be the fares would be better calibrated to different distances, like at the moment the banding's a bit rough and a bit crude, and you do get these sort of step changes in price when you get to the edge of the band. So Bernard's suggestion I think would be a positive step in that sense

One thing I am not sure about though, is the technical difficulties in implementing it under the current scheme. Certainly having an Opal card and Opal card readers that know where they are, makes it a much easier to do that than it used to be with older ticketing technology but there may be other practical impediments to doing so. It's a good suggestion though, and I think it's worth us trying to understand that technical side of it a bit better.

Ben Strate (IPART): Thanks Mike, and thank you for the question. Unless anyone from the team has anything further to add on that one, or Carmel, did you want to add something on that? Let's go to Billy, and then to David after that.

Billy Pringle (CPSA): Hi, thanks. I was just, I noted in the recommendations earlier that you mentioned a recommendation for Transport for NSW to look at the peak charges and some of the structures around that peak and off-peak. I was just wondering if you could speak a little bit more about what was in scope with that, and what some of those recommendations might look like.

Carmel Donnelly (IPART): Look, I'll give you a few quick thoughts on that. We did get a lot of feedback when we put out an issues paper about the peak times having changed during COVID, and whether or not they were needing to be reviewed, perhaps go back to what they were before.

And so our recommendation is that Transport for NSW look at that. And the sorts of things that I think would be considered are we trying to encourage people to use public transport when it's not so busy? So between the peak hours? And are we trying to reduce congestion during the peak hours? So what are the outcomes that we want to achieve? And whether or not peak hour as it stands now, could be reviewed and changed. So that's what we had in mind, and really responding to feedback and questions from people who gave us feedback earlier in the year when we were consulting.

Billy Pringle (CPSA): If I could just quickly jump on the end of that. Is there any sort of notion about the idea of having those peak periods apply differently? For, you know, if you're on a line that is less busy, if you're traveling outside of the city compared to into the city, or against traffic compared to with traffic sort of thing like that.

Carmel Donnelly (IPART): Yes, so we haven't formed a view but I would think that in our recommendation that it be looked at there's no reason why you couldn't look at is it one size fits all, or can it be a bit more precise nowadays with better technology or at some point in the future with better ticketing systems. So we'll take that on board. We might add that feedback into our thinking.

Billy Pringle (CPSA): Thank you so much.

Carmel Donnelly (IPART): Yeah.

Ben Strate (IPART): Thanks Billy, David.

David Beres: Okay. There was a discussion about just about the different fare structures according to when you travel. I'm currently a bus driver for a charter bus company in Adelaide. Now this might apply to Sydney as well, but in Adelaide we've got a bit of an issue because we're too car orientated.

The afternoon peak, I have noticed, starts at 2:30pm because parents are starting to pick up their kids from school and that causes, you know, congestion on the road and congestion around school. So it should be about, say 2:30pm to 7 at least, for I don't know. Probably Sydney is in the same boat, because it's got a higher population density than Adelaide of course.

Now also, there's discussion about the fares a little bit. I just want to point out, I pointed out in the comments about what they call free transit zones in Perth as well as, as we know Sydney used to have a free green bus that used to go from Central station. It did a loop around the city. Now Sydney is the only capital city besides Canberra and Hobart, who doesn't have a free zone in place in the CBD. Now, to encourage people to use public transport in the city. I know they still do use it. But to encourage workers to go out, have a lunch, and you know, come back. Let's say they get free public transport on a particular vehicle, so it could be the tram from Central to

Circular Quay, for example. We don't need to have a zone. We could just have one mode that provides that free incentive to use, and this could be also implemented in major cities in the Sydney suburban area. Parramatta is a good example of one, Newcastle. I think Jacqui might or whoever it was Newcastle might remember there was a free transit zone in the Newcastle CBD a while back. I don't know if we encourage people to use public transport. That's a catch-22 with that one, because the demographics are totally different to Sydney metro area.

So if we think about, outside the square, we need to think that if there's a zone put in place or a mode that encourages free public transport in that area, just in the area, not, I'm not saying all of Sydney metropolitan area, that means your taxes will go up dramatically like anything. So we need to look at an area and say, hey we'll put it in this area, we'll trial it, see what happens you know, in that little area. But I don't mean all of Paramatta either. You'd have a boundary as well, and in Perth it works quite well. And the other thing they do is with their free, they've also got free buses as well in that zone themselves. So they call Central Area Transit, which is actually subsidised by the car park fees that people pay in Perth car parking stations. So if that makes any sense, it could happen in Sydney, like Sydney City Council say, hey we get 11 million a year, we'll pay for that free tram up and down George Street. So I don't know, I'm open to anyone, to what everyone thinks of that idea.

Ben Strate (IPART): Thank you for those suggestions, David. Does anyone want to make any comments? Carmel?

Carmel Donnelly (IPART): Look, I will just say there's some interesting ideas there and we'll take them on board. We're trying to take an approach where there'd be nothing that we do in the maximum fares that would stop Transport for NSW innovating in that way with their fare setting. So that's the first point. And I think really from here we're going to consider everything said today, including those ideas, David, and see whether the Tribunal has more to say on any of those particular ideas. I've, you know, just really heard that raised now, so I don't have a view yet. We'd have to sort of do some thinking about it. But thank you.

Ben Strate (IPART): Thank you. I'll just check in with the Tribunal members, just knowing we don't have any hands raised at the moment. Are there any questions or comments from anyone in the Tribunal or the team for, that they'd like to touch on now? If not, does anyone else have any questions or comments? It looks like we may have come to the end of the questions and comments. So thank you very much to everyone for your participation and for all your great feedback and suggestions. Just to wrap up the public hearing now I'll pass back over to Carmel.

1.4 Closing remarks

Carmel Donnelly (IPART): Yes, thank you, Ben, and thank you everyone for making the time to join us today. That's been a really interesting discussion. It's been very helpful, and I hope that it's been useful for you as well. We will consider everything that's been said today as well as the feedback that we get in submissions before we move on with this review. So, our next steps are for submissions, we're asking for those by the 16th of September. I'll just let you know that you can get onto our IPART website and put in your submission, and it can be as short or as long as you like. It's quite easy to just give us a few thoughts if you want to do that, and then we will be providing our final report to the Government in October. Then the fares, the maximum fares that we set will commence in December this year and go through to the end of June in 2028. So that's just sort of looking forward what happens next.

On our next slide we have contact details for the team here. And so I just invite you, if there's anything that you want to discuss separately with the team or additional information. If you'd like to provide examples of the sorts of experiences or impacts, or examples from elsewhere that you haven't mentioned for instance, you're most welcome to get in touch with Jessica Hanna. You've seen Jess speak a few times today and through that email address that's on your screen and you know, we'd welcome your input.

So with that, let me just again thank you very much for making the time. Thank you everyone for joining us today, and for all of the very important and useful feedback.