



## **IPART Draft Report – Maximum Opal Fares 2020-2024 BusNSW Submission**

31 January 2020

Review of Maximum Opal Fares  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
HAYMARKET POST SHOP NSW 1240

Dear Tribunal Members,

Thank you for the opportunity to comment on the Draft Report of the Independent Pricing and Regulatory Tribunal (IPART) into the Maximum Opal Fares that will apply from 2020 to 30 June 2024 in Sydney and surrounding areas.

BusNSW is the peak body for the NSW private bus and coach industry. Our mission is to foster the efficient and sustainable growth of public transport in NSW and in doing so, to promote the benefits of bus and coach transport.

BusNSW members provide services for the travelling public in the Opal network through Transport for NSW Sydney metropolitan and outer-metropolitan bus service contracts. These gross cost contracts include a schedule of services and a performance regime to ensure that taxpayers receive value for money. The contracts include key performance indicators that include patronage and can be impacted by changes to Opal fares.

BusNSW members are also involved in providing on-demand transport via the Transport for NSW pilots and under bus contracts. BusNSW acknowledges that some on-demand services allow customers to pay using an Opal card via OpalPay.

BusNSW acknowledges that public transport is currently the third largest cost to taxpayers after health and education and that passengers pay around a quarter of the costs of providing these services.

BusNSW's submission on the draft report focusses on the following five draft IPART recommendations to the NSW Government:

**1) Introducing new passes which offer discounts for passengers travelling 3-4 days a week.**

BusNSW supports this recommendation. As outlined in our earlier submission in response to IPART's April Issues Paper, BusNSW believes that the primary objective of fare setting should be to encourage people to use public transport. BusNSW notes that this objective mirrors the mission statement of BusNSW to foster the efficient and sustainable growth of public transport in NSW. The recommendation to expand travel discounts supports both the IPART objective and BusNSW's mission.

BusNSW has the view that discounts are an important way to encourage people to use public transport and improve network efficiency, especially where additional trips are taken on services that have capacity. The recommendation is commensurate with a modern society and flexible working arrangements, where commuters may not travel between their home and office based on a traditional 5-day week.

**2) Introducing off-peak fares for bus and light rail.**

In line with our submission in June 2019 in response to IPART's Issues Paper, BusNSW strongly supports this recommendation. The transportation of school students often results in a high utilisation of capacity on the bus network during the peak periods. BusNSW supports a change to fare policy that encourages regular passengers to switch their time of travel from the peak to the off-peak where this is an option for them.

The introduction of off-peak fares on buses would help to spread passenger load, reduce passenger crowding and improve on-time running performance by minimising boarding delays and crowding. Studies by the Institute of Transport and Logistics Studies (ITLS) suggest that up to 70% of peak trips could switch out of the peak if the appropriate incentives were in place. This would help increase the use of off-peak capacity and take pressure off increasing crowding in the peaks on some bus services.

BusNSW notes, based on information provided by TfNSW (April 2019), that 47% of bus journeys occur in the weekday peaks. The fleet available in the off-peak means that the provision of additional services required to meet any additional demand induced by fares in this period can be achieved at a lower cost to government and the taxpayer.

**3) Travel passes should be introduced so that passengers pay the same regardless if they travel on train, bus or light rail.**

While BusNSW supports travel passes that encourage the use of public transport (see Q1 above), we do not support the same fares applying to all public transport modes, as a general principle. Historically the nature of local bus services, including the length of routes and average distance travelled per passenger, has influenced the fares and fare bands used, which are different to other modes.

The future role that buses play in the overall transport network is evolving. The introduction of on demand bus services provides a more personalised service offering to certain communities and these services generally operate at a higher cost per passenger when compared to fixed route bus services. This further emphasises that it is difficult to implement consistent distance-based fares without creating equity issues and impacting on opportunities to align cost recovery with the different modes and service types.

Changes to technology within modes, such as the introduction of electric buses, may change the cost base for that mode. Implementing consistent distance-based fares for all modes is likely to restrict opportunities to adjust mode specific fares to take advantage of technology driven changes to costs, and in doing so, promote greater use of public transport.

As outlined by some of the other contributors to the IPART Issues Paper, fares need to reflect both cost and value. Fares that are consistent per kilometre will potentially distort demand, subsidising modes such as train and light rail that require more expensive infrastructure and operating cost, and potentially reducing revenue on modes that customers are willing to pay more for.

The cost of service provision for the mode should be considered when determining fares. BusNSW supports a mode specific element for the fare structure and considers that applying different fares for bus and light rail, for example, is a way of managing demand in places where both options exist. It is important that fares are transparent in order that the people using the service can assess the value they obtain from each mode and their willingness to pay.

BusNSW also notes IPART's recommendation that demand for ferries be spread more evenly between Saturday and Sunday through pricing. However, the same issue applies also to a number of bus services. On such services the \$2.70 Cap on Sundays has created passenger crowding issues for services in Katoomba and Manly, used by tourists. Expanding the \$2.70 cap to include Saturdays to spread patronage more evenly would be of benefit to such services.

#### **4) Lower fare options should be available for healthcare card holders.**

Buses play a vital role in delivering public transport in NSW and each year carry around 332 million passengers, many of them elderly or with health-related problems. Indeed, more passengers are carried by bus in NSW than by any other mode including rail, ferry, light rail, point to point and community transport.

In addition to encouraging people to use public transport, BusNSW also recognises that social mobility is one of the primary objectives of fare setting policy, and this applies particularly to the most vulnerable members of the community. To this effect, bus service contracts include concession entitlements for approved beneficiaries.

BusNSW recognises the previous work undertaken by IPART in relation to the Opal Gold Card and would support any recommendation that expands travel options for socially disadvantaged groups.

5) **Average Fare Increase.**

Finally, we note IPART's advice that implementation of the above recommendations would increase the average fare by around 2.5% each year. BusNSW considers this a reasonable increase for the range of social, environmental and financial benefits that are likely to flow from IPART's recommendations.

Thank you for the opportunity to make a submission in response to the IPART review. Should you require further information on any part of our submission please do not hesitate to contact me on

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Matt Threlkeld  
Executive Director  
BusNSW  
[mthrelkeld@busnsw.com.au](mailto:mthrelkeld@busnsw.com.au)