

Response to Independent Pricing and Regulatory Tribunal's
issues paper on

Review of Opal fares from 1 July 2020

June 2019

CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 92 branches and affiliated organisations with a combined membership of approximately 23,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA receives funding support from the NSW Government Departments of Family & Community Services and Health and the Australian Government Department of Health.

CPSA welcomes the opportunity to comment on IPART's issues paper on the cost and pricing of interments in NSW. CPSA offers the following comments.

1. Are our proposed objectives the right ones to focus on?

CPSA's primary concern is the affordability and usefulness of public transport to its constituents: people receiving a pension-type payment (Age Pension, the Disability Support Pension and the Carer Payment) and people aged 55-and-over receiving the Newstart Allowance

Affordability is not currently an issue for the category of people on pension-type payments, the NSW Government having committed to maintaining the \$2.50 maximum daily fare for holders of the Pensioner Concession Card.

The usefulness of public transport to this category continues to be hampered by accessibility issues. Most buses have been made available to people with mobility issues if their mobility aids fit the required specifications¹. However, there are currently 58 train stations and 12 ferry wharves that have been identified as requiring accessibility upgrades². People with mobility issues have to carefully plan their trips on public transport to ensure they can use the services.

CPSA would therefore propose that the IPART review also adopts accessibility as one of the objectives to be covered. Accessibility of public transport would help maximise the benefits of public transport to the community.

Affordability of public transport though has reached crisis point for people age 55-and-over who receive the Newstart Allowance.

Australia's Newstart Allowance is the lowest unemployment payment in the OECD, with some of the toughest conditions³. Currently there are 53,825 people on the Newstart Allowance in NSW that are aged 55-64, these people on average receiving unemployment benefits for 187 weeks, people aged 21-24 averaging 46 weeks. To remain on Newstart certain obligations must be met. For over 55 year olds at least 30 hours per fortnight of paid or voluntary work must be completed. Volunteering may require the use of public transport which means Newstart recipients could spend over 10% of their weekly allowance on transport alone. Affordable transport is essential so the 53,825 older unemployed people on the Newstart Allowance who are unlikely to find employment before they become eligible for the Age Pension.

¹ <https://transportnsw.info/travel-info/using-public-transport/accessible-travel/mobility-aid-specifications>

² <https://www.transport.nsw.gov.au/projects/current-projects/tap-3>

³ Langenbucher, K., 2015. How demanding are eligibility criteria for unemployment benefits, quantitative indicators for OECD and EU countries, p.34

A new Opal Card for people on the Newstart Allowance should be developed. People on the Newstart Allowance have to meet certain eligibilities to use the Concession Opal Card. If someone on Newstart Allowance finds casual employment that may only amount to one day's work, this will cause them to be ineligible for the Concession Opal Card. If they return to unemployment, they will have to reapply for the Concession Opal Card. Once eligibility is confirmed a new Concession Opal Card will be posted to arrive in 7-10 working days⁴. In the meantime, Adult Opal Fares will be charged for the use of public transport. This cost is unaffordable for people on Newstart Allowance payments, if people cannot access public transport they will not be able to fulfil their obligations which will result in the loss of the Newstart Allowance.

An Opal Card for people on the Newstart Allowance should charge users the Gold Opal Card fare. This new card should also have the ability to be blocked or reactivated in a more efficient manner than the current reissuing of Concession Opal Cards. The wellbeing of people living on Newstart Allowances should be an objective of this review. The introduction of a new Opal Card as was described above would ensure this objective is met.

2. Are any of the objectives more important than others?

While CPSA recognises that public transport needs to be appropriately funded to function well to the point where people are encouraged to use it and where its benefits to the community are maximised, the objective of raising fare revenue should not be placed ahead of the other four objectives IPART has suggested for its review. Public transport fares should help as much as possible to pay for public transport, but the benefits of, and expectations for public transport never warrant a strict user-pays system.

3. Should light rail and metro services have their own mode-specific fares? Or should light rail continue to be set in line with bus fares, and metro fares set in line with rail fares?

For a public transport system to be equitable, fares should be the same for all types of rail, bus and ferry. CPSA suggests that the NSW fare system should cover a journey that a single fare, which is not increased if multiple modes of transport are used. Charging public transport users a single fare for a journey rather than for each mode of transport is a common practice within other Australian jurisdictions and cities around the world.

Queensland public transport services do not have mode-specific fares. A single fare will be calculated for a whole journey, even when transferring between services. The single fare calculates how many zones were travelled during each journey, and then deducts the correct fare from a travel balance⁵.

In Victoria, 'myki' is used to pay for travel on metropolitan trains, trams and buses.

⁴ <https://www.opal.com.au/fieldtrial/?fareCategoryCode=1>

⁵ <https://translink.com.au/sites/default/files/assets/resources/tickets-and-fares/go-card/go-card-user-guide.pdf>, p.10

Metropolitan Melbourne consists of two zones, within these zones myki can be used to pay for a person's public transport journey in a single fare rather than charge customers for each mode of transport used⁶.

Overseas, the single fare system is very common. It can be found in London with the Oyster travel card. The Oyster card can be used to make unlimited bus and tram journeys for a single price rather than charging a fare for each service⁷. The Oyster card incentivises people rather than penalising people who take several forms of public transport.

The Octopus card in Hong Kong allows users to change from light rail to heavy rail services⁸ or between multiple bus services⁹. The fare will be applied at the last mode of transport used and will charge users for a journey rather than each mode of transport used.

Pension concession card holders are effectively the beneficiaries of a single fare system. Paying per journey as opposed to mode-specific fares encourages pensioners to make the most of the public transport on offer. However, for many public transport users such as those on the Newstart Allowance the discounts applied for taking more than one mode of transport often results in higher fares. If IPART wishes to promote the use of public transport it should consider implementing a single fare system.

5. Do we currently have a good balance between fares for short distance and long distance travel? Should fares increase more gradually and smoothly as the distance travelled increases?

CPSA acknowledges that having a good balance for long and short fares is important to the equity of Opal fares. However, we believe a greater balance between fares would be achieved if people receiving the Newstart Allowance were charged the equivalent of Gold Opal card fares. A significant difference to the equity of fares would be achieved if all Newstart recipients, especially over 55 year olds have their travel fares capped at \$2.50 per day. People on Newstart Allowances should receive their fares on a new Opal Card that has the ability to be blocked or reactivated quickly as to address the volatility of employment and the necessity of subsidised transport whilst receiving the Newstart Allowance.

6. Should we make changes to when and where peak fares apply? Should all modes have peak and off peak fares?

Newstart Allowance payments require recipients to fulfil volunteer requirements and pensioners and retirees are the most common volunteers. In order to maximise benefits to the community, volunteers in NSW should be encouraged to use the public transport system at all times of the day.

⁶ https://www.ptv.vic.gov.au/assets/default-site/footer/legal-and-policies/victorian-fares-and-ticketing-manual/e0114706bd/PTV_Victorian-Fares-and-Ticketing-Manual_Update2019.pdf, p.4

⁷ <https://tfl.gov.uk/campaign/hopper-fare>

⁸ http://www.mtr.com.hk/archive/ch/pdf/fam2018/MTR_Light%20Rail.pdf, p.1

⁹ http://www.mtr.com.hk/archive/ch/pdf/fam2018/MTR_MTR%20Bus.pdf, p.2

The 2016 census highlighted that 13% of older people (ABS uses this term for people 65 and over) are likely to provide unpaid assistance to a person with a disability. Older people provide this assistance more than any other part of the population. In the same year, almost one in five people aged 65 to 74 provided care for a child aged under 15 who was not their own. Grandparents are a vital source of child care in families, besides parental care grandparents are the most common types of care for children under 13 years¹⁰. School pick up times and common adult work schedules require grandparents to care for their grandchildren at times that would require using public transport use during peak hours.

The services that these older people provide are estimated to be worth \$200 billion to the Australian economy¹¹. The median hours of volunteer work for people aged 65-84 was 104 hours in 2006. Almost double the median for all people in Australia¹². Volunteers are more likely to have attended a recent community event¹³ and find that they are more satisfied with their lives than those who do not volunteer¹⁴. Off peak modes will not benefit valuable volunteers that have to utilise public transport during peak times but are on the Newstart Allowance or on low incomes.

In addition to this, it has been found that Australians who attend medical appointments are more likely to be older and poorer than those who do not attend medical appointments¹⁵. Medical appointments can often take place at times of the day that require peak time travel. Again displaying that the off peak fare discounts are not benefitting the needs of people who require assistance the most.

CPSA strongly advocates against the use of off peak discounts. The discounts often do not benefit people who need assistance the most. The implementation of an additional Opal Card that would make travel more affordable and suitable to the unpredictability of Newstart Allowances would be much more beneficial to vulnerable and poorer NSW residents.

¹⁰ <https://growingupinaustralia.gov.au/sites/default/files/asr2015.pdf#page=23>, p.23

¹¹ <https://www.volunteeringaustralia.org/wp-content/uploads/VA-Key-statistics-about-Australian-volunteering-16-April-20151.pdf> p.9

¹² [https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/C52862862C082577CA25731000198615/\\$File/44410_2006.pdf](https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/C52862862C082577CA25731000198615/$File/44410_2006.pdf) p.17

¹³ [https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/404350EEC6509985CA2579580013177A/\\$File/44410_2010.pdf](https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/404350EEC6509985CA2579580013177A/$File/44410_2010.pdf) p.26

¹⁴ [https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/404350EEC6509985CA2579580013177A/\\$File/44410_2010.pdf](https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/404350EEC6509985CA2579580013177A/$File/44410_2010.pdf) p.27

¹⁵ https://www.myhealthycommunities.gov.au/our-reports/get-report-file/hc12/publication/NHPA_HC_Frequent_GP_attenders_Report_March_2015 Healthy Communities: Frequent GP attenders and their use of health services in 2012–13, p.23

7. Are the current suite of discounts available on Opal services appropriate? Do you support IPART reviewing these discounts?

The cap for free travel for the Silver Opal card is currently too high. \$31.60 a week for someone on the maximum Newstart Allowance is over 10% of their weekly income. In comparison, the \$63.20 cap for an Australian adult with the average full-time earning of \$82,436 is only required to spend approximately 4% of their income on public transport. The almost 200,000 people in NSW on the Newstart Allowance struggle to afford public transport as it is, but will find it even harder if concession prices for Opal services are to increase

The Opal fare for people on the Newstart Allowance should be capped at \$2.50 in order for people on the allowance to be able to fulfil their obligations and continue to get by. In addition to reducing the Opal fare for people on the Newstart Allowance a new Opal Card should be introduced. This Opal Card should ensure that Newstart Allowance recipients are not left isolated if they surpass their cut off rate. If people find casual employment and are no longer eligible for the Concession Opal Card they should not be left having to pay adult Opal fares to fulfil Newstart Allowance requirements.

People who are currently receiving a part Newstart Allowance are not entitled to the Concession Opal Card. To maximise benefits to the entire community IPART should review discounts that apply to people on low incomes such as part Newstart Allowance recipients. People on part Newstart Allowances will struggle to pay Adult Opal Fares, especially with the forthcoming fare increases.

8. Should contactless payment cards and devices attract the same discounts as the Opal card?

Contactless payment cards and devices should offer the same discounts as the Opal card. However, CPSA is concerned that this may lead to the phasing out of the Opal card. Credit cards and devices such as smart phones are technologies that are available to those who can afford them and those who are comfortable using them. These technologies often exclude older people and people on low incomes.

CPSA is also concerned that discounts for contactless cards and devices may exceed the Opal card discounts. Then older people and people on low incomes would become excluded from the discounts, as they have less accessibility to these technologies.

10. Are there any issues regarding fare discounts or concessions that we should consider?

People on the Newstart Allowance will not be able to afford a price increase even on the Silver Opal card. The current \$31.60 weekly cap is already unsustainable when the maximum Newstart Allowance daily allowance for a single is approximately \$40. Of the 198,780 people on Newstart in NSW, 53,825 are in the 55-64 year old age bracket. Many Newstart recipients over 55 are less likely than younger people to join the workforce again, but are still required

to fulfil similar volunteer requirements. These 53,825 people are significantly disadvantaged on this scheme.

Newstart Allowance recipients are required to fulfil job seeking and volunteering or unpaid work to continue receiving payments. If the weekly cap was to rise Newstart recipients over 55 would struggle even more. Providing Newstart Allowance recipients with a new Opal card that charges a fare in line with the Gold Opal Card and can be blocked and unblocked quickly will assist people in fulfilling Newstart Allowance requirements. Paying less for transport would also enable those on the Newstart Allowance to attend more interviews or gain more skills through volunteer work. This would increase the likelihood of people getting off the Newstart Allowance, engaging in paid work and contributing to the NSW economy.

People should not have to pay to volunteer. Voluntary work is worth \$200 billion to the Australian economy. Volunteering has the ability for people to socialise and prevent the effects of isolation, to learn new skills and to fulfil the requirements of the Newstart Allowance. Instead of presenting obstacles in the form of unaffordable Opal fares, NSW should encourage volunteering with discounted fares.

11. Do you agree with our proposed approach to establishing appropriate fares for on-demand services?

On-demand services should be included as part of the single fare for a consumer's public transport journey. Allowing consumers to incorporate on-demand services to their transport journey would enable the service to remain affordable and maintain convenience. Another factor that would improve the convenience of on-demand fares would be implementing the use of OpalPay in the same way it is used for other modes of public transport. The increased burden of pre-booking an on-demand service could be alleviated with the ability to use OpalPay.

12. Which groups of people are most likely to use on-demand services, and how could this change over time?

On-demand services would benefit older people and Newstart Allowance recipients living in regional areas. These areas typically have less frequent public transport, as a result point-to-point transport is relied upon more heavily. On-demand services would provide a cheaper alternative to point-to-point services. This could be essential in enabling Newstart Allowance recipients to fulfil their allowance requirements whilst living in areas where public transport is less frequent.

On-demand services could be a flexible alternative for people commuting to a larger transport hub to catch another mode of transport. The service could also benefit older people who have no other means of transport or do not live in an area dense with public transport services.

In addition to this, on-demand services could assist older people who have been discharged from hospital and have no alternative affordable transport that takes them directly to their house. CPSA has identified that some people who fall out of scope of Patient Transport

Services have to find expensive ways home from hospital. For patients who do not have any friends or family to drive them home, and are at a hospital that is not near public transport point-to-point transport can be too expensive. It is low income older people and Newstart Allowance recipients who find themselves in these situations. On-demand public transport could provide safe and affordable means of transport for people who need a way home from hospital.

13. How much would you be willing to pay for on-demand services?

In order for the service to be appealing to older people and Newstart Allowance recipients it must be more affordable than other point-to-point services and use a simple payment method. Allowing on-demand services to be paid by OpalPay and incorporating the service into single fare for one journey would increase affordability and convenience, and in turn attract people to the service.

Incorporating the on-demand services as part of the Gold Opal cap would make the service very appealing to pensioners who can greatly benefit from this service.

Recommendation 1: That public transport fares charge customers a single fare for a journey.

Recommendation 2: That on-demand services are incorporated into a Opal single fare.

Recommendation 3: That a new Opal Card is created for people on Newstart Allowances. That the proposed Opal Card charges the same fare as the Gold Opal Card. And that all Newstart Allowance recipients are eligible for the card, even if they receive a part Newstart Allowance.

Recommendation 4: That people on part Newstart Allowances become eligible for the Concession Opal Card.