

Response to IPART Issues Paper: Maximum Opal Fares 2020-2024

This submission is a response to the Tribunal’s issues paper on Maximum Opal Fares 2020-2024. I welcome the timing of this review and appreciate the opportunity to respond to some of IPART’s consideration in the review. Public transport plays an important part in Sydney’s liveability and impacts on people through a wide range of impacts.

This response provides some background about my situation, proposed a new fare structure, and some answers to the targeted questions.

Background

I currently use public transport as my main source of public transport. Daily, I commute from the Lower North Shore to Parramatta, normally by bus and train. This costs approximately \$6.70 each way. I also use it as a major source of transport for non-work based travel. I almost always hit the weekly cap. Because I hit the weekly cap, I consider public transport to be a “fixed cost” and so use as much as possible.

Proposed new fare structure

Previously, IPART have considered fixing distance bands so that they are the same for all modes of transport, with a different price for each distance for each mode of transport.¹ Instead of this, I would suggest having fixed price for each method of transport and different relevant distances.

Table 1: Example proposed band structure

Band	Price	Bus Distance (km)	Train Distance (km)	Ferry Distance (km)
1	\$2	0-3	0-5	
2	\$3	3-5	5-10	
3	\$5	5-10	10-20	0-2
4	\$7	10-20	20-30	0-9

This would have the following benefits

- Prices for consumers would be clear. There would not be different price bands for each type of transport making it simpler to compare trips.
- It would be easier to know how much to top-up as the pricing structure is simpler
- It would be easier to determine fair multi-mode transport discounts (see below)
- Adding additional distance bands for a more graduated slope would be straight forward

Recommendation: IPART consider the proposed “fixed price band” fare structure

Responses to individual questions

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

The five objectives outlined are all important considerations in setting public transport fares. Of the objectives, maximising benefits to the community needs to be considered closely. In particular, the following benefits of transport need to be considered in addition to other benefits mentioned in the paper

- Public transport's role in shaping Sydney and producing prosperous, connected, and liveable suburbs. E.g. the success of the central and western cities are contingent on adequate, affordable transport in these areas.
- An affordable public transport system can encourage reduction in car ownership. This has positive benefits such as increased parking and environmental benefits.
- The aesthetic benefits of removing cars and the reduction of associated noise pollution.
- The benefits to environment, such as through reduced air pollution, greenhouse gas emissions, and reduced needs for roads contributing to the urban heat island effect.

In addition, the equitability of the transport system should be explicitly considered. This can relate to aspects such as

- Ensuring people can access transport regardless of their personal circumstances
- Ensuring people who most need to access transport can access it
- Ensuring there is incentives for a geographically reasonable connectedness.

Recommendation: IPART should consider the environmental, planning, and social benefits of public transport when assessing the benefits to the community.

Recommendation: *Promoting an equitable public transport system* should be an objective for the review.

Question 4: Should the \$2 discount for transferring between different modes of transport be higher or lower.

Using the above "fixed price band" transport payment structure would allow for fair multi-mode transport charges to be determined. As the bands are fixed, they can be easily compared, and a normalised total distance calculated.

To calculate the median distance, first the band of each leg of the travel is determined (e.g. from Table 1). Then, for each band, the median distance of a bus trip in that band is determined (the bus equivalent distance). The bus equivalent distance of each leg is added together and this *total bus equivalent distance* used to determine the full journey's band and cost.

Example: Say my commute to work includes one 4.5km bus trip and a 25km train trip. From Table 1, this would be a band 2 bus trip (band bus equivalent distance 4km) and a band 4 train trip (train band median distance 25km, median band bus distance 15km). To calculate the journey total, we can add the median band bus distances which is 19km and I would be charged for a band 4 fare (\$7).

Recommendation: IPART consider using the total bus equivalent distance to calculate journey fares.

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

Current peak times mean that it can be difficult to change patterns of commuters to accommodate them. Shortening the peak times may have a positive benefit by allow people to changing commitments and travel out of the busiest periods of the peak times. For instance, it may be possible to shift a leaving time to 4:30pm if peak times we 4:30-6:30pm but not to 4:00pm.

Recommendation: IPART consider the effects of changing peak times to 7:30am-9:00am and 4:30pm-6:30pm

Although IPART are correct that it is easier to increase bus service frequency during peak periods, there are other factors which make reducing bus usage through peak periods important. These are

- Other road users significantly benefit by spreading out bus usage throughout the day. This is because the additional busses contribute to traffic and make the roads slower for all users
- Additional busses and traffic increase the chances of delays and make the service less reliable and appealing
- Because bus users are less likely to commute to work their travel is potentially *more* not less flexible than bus users and so they would be more able to change travel times if incentives existed (e.g. it is much easier to slightly delay a trip to the shops or social gathering than work start time)

Recommendation: Bus and train journeys should have peak and off-peak fares. They should be considered for other modes of transport.

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

I would suggest that people should be able to pre-purchase monthly unlimited public transport passes and apply them to an OPAL card. These could function similarly to the old MyMulti monthly, quarterly and yearly passes with different levels providing different public transport certainty. When compared to current weekly caps, they would provide

- More flexibility and incentives for regular public transport users who do not use the full weekly cap, but would benefit from, say, unlimited bus trips.
- More certainty for people to know how much they will pay each week on public transport by these prices being fixed
- Incentives for people to catch public transport in non-peak times and for extended periods of time
- Possible financial benefits for the government from users who travel less on public transport

Although the weekly cap currently exists, this is (i) reasonably expensive, (ii) only applies retrospectively and so is less of an incentive to travel more, (iii) does not benefit users who travel frequently on less expensive services (e.g. short bus trips).

Recommendation: Introduce monthly, quarterly, and yearly pre-purchased public transport entitlements.

When the 8 trip entitlement was removed, this helped to remove some perverse incentives for users to exploit the system, which was beneficial. However, this change

- Significantly increased the price of transport for some users
- Reduced incentives to regularly catch public transport
- Removed benefits that previously existed under Travel10 passes and were used to “sell” OPAL
- Did not fully remove the incentive to exploit the loophole (if I didn’t hit the weekly cap, I would still save money by taking short bus trips early in the week).

IPART have previously proposed that the 10 most expensive trips in a week be charged. This would be a good compromise. The technology required to implement this should be invested in.

Another option would be to follow what similarly happened with travel 10 rewards where customers effectively got 2 free trips for every 10 they took. This could be implemented through a loyalty program.

Recommendation: Only charge for the 10 most expensive journeys in a week and provide a refund at the end of the week for unused travel

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

Seniors discounts are currently lucrative and do not require people to demonstrate a genuine need. The discounts mean that large costs are passed onto other users and taxpayers. While generous discounts are important for seniors who cannot afford full (or even general concession) fares, it could probably be slightly higher than it currently is (say \$3, with concession prices for individual fares). Also, there has been no raise to this fare despite (i) raises to all other fares, (ii) increases in pension rates and other income, and (iii) increases in public transport operating costs. Indexing these fares (e.g. to the pension rate) would be equitable and sensible.

The need of gold opal recipients should be considered and only people who can demonstrate a genuine need for the full discount should be entitled to the fares (e.g. pensioners). Other seniors could be given a standard concession opal card or other appropriate concession (potentially up to a certain asset test). This would lead to a more financially sustainable transport system, increased equity across the system, and more funding to support other at need groups.

Recommendation: Entitlement to a gold opal card should require a genuine demonstrated need (e.g. demonstrated by receiving a pension). Non-pensioners (up to a certain asset value) should be entitled to a concession opal card. The gold opal cap price should be reviewed and future changes in price fixed to changes to the pension.

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

The considerations that IPART have outlined are suitable for assessing the benefits. I would also consider the equity of these systems (e.g. making public transport accessible to groups who otherwise wouldn't be able to access it, such as people with a disability or seniors). It should also be considered as a link to existing public transport services, where possible, and this should be considered.

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

Given the additional flexibility, I would be willing to pay more than I would for a standard bus route. For example, I would probably be willing to pay up to \$5 for a 2km trip that linked to an existing "fixed" bus route. It would need to be priced cheaper than existing taxis, rideshare and carshare services.

Conclusion

Here I have presented some personal opinions on potential changes to the structure of public transport fares. The main proposal of a new fare structure would be a significant change, however I feel after an initial teething period will be beneficial for the future. The other suggestions in response to the questions would, in my view and with more refinement, hopefully provide for a productive, efficient, and fair public transport system moving forward.

I again thank IPART for undertaking this review professionally and seeking feedback at this stage. I am happy to provide further comments or suggestions if desired.