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10 May 2019

Review of Maximum Opal fares
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240
www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission

Dear Chairman

Re: Maximum Opal Fares 2020-24

I refer to your issues paper on this subject dated April 2019. Thank you for giving me the opportunity to make a submission.

I note that passengers pay around a quarter of the costs of providing these services while patronage has grown significantly, and the growth in revenues has not kept up with the increase in costs.

IPART states the objectives of Opal Fares

- maximise the benefits of public transport use to the community
- help deliver a financially sustainable public transport network
- encourage people to use public transport
- remain affordable for public transport users
- be predictable and stable over time

I have made comments on some of the areas which IPART has indicated it i focusing on:

- **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?**

Whilst each mode of transport has a different cost base there should be some consistency between the fares charged across the different modes. The consistency should also mean that travelling a similar distance (possibly with the exception of ferries) should attract a similar fare. Ultimately there shouldn't be a bias for or against bus, rail or metro based on fares since passengers would choose the mode of transport (amongst other factors) on convenience of timetabling and proximity to where the journey begins and ends. These are factors which the government has control over.

- **Should the $2 discount for transferring between different modes of transport be higher or lower?**

Some sort of discount should apply to changing modes of transport, similar to my argument above, where travelling a given distance regardless of mode or modes should attract a similar fare. The discount is relevant as the transport infrastructure for one mode does not cover the entire geographical area and many passengers are forced to switch modes of transport for efficient travel. The ***$2 discount seems appropriate at current fares***, at least for shorter distances. However***, if there are price increases to fares then a similar increase in the $2 discount should*** also apply to maintain parity.

There may be some justification to increase the change of mode discount as passengers move into the different price zones. That way the total length of the journey would attract a similar fare as if one mode had been possible from the start to the end point.

- **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?**

Whist there is some justification for a higher per kilometre fare on shorter trips the disparity between the shortest trip (lowest fare) and the longer journeys is patently unfair.

This fare disparity creates a ***strong bias against shorter journeys in that passengers pay significantly more per kilometre than longer journeys***. Whist no passengers are paying the 'full fare' as such, this bias means that short journey passengers are bearing a significant cost burden for the system. The fall in revenues could be attributed to potential passengers refusing to take public transport for short journeys for example they make take the car creating more congestion and pollution, particularly if free parking is available or near the destination.

There needs to be a ***better balance and equity in the per kiliometre cost of journeys taken***. Previously price increases have seen the shorter fares rise more dramatically (as a percentage) than the longer journeys. This is not equitable and in efficient for the transport system. Given you have stated fares for short distance journeys have remained roughly constant during the past two decades, while fares for train journeys longer than 65 km and bus journeys longer than 25 km have fallen significantly this highlights the disadvantage of short journey travellers given cost of living pressures faced by most households with low wages growth and employment insecurity.

The five fare bands for trains show relatively short trips cost $3.54 during peak times and could cost $1-$2 per kilometre , decreasing to approx $0.35 per kilometre for a trip just under 10 kilometres, whereas a journey of between 35 and 65 kilometres costs $0.19 to $0.10 per kilometre travelled at peak times. It seems to me that short journeys are far too expensive and that a system increases the discount on the marginal increase in journey length would be more equitable. That is, for part of a longer journey the passenger pays the same fare as those travelling a shorter distance but as the journey lengthens the discount applied to the additional distance increase. This could take the form of a type of flagfall as suggested in your paper. I would ***change the distance bands so the first band is trips under five kilometres and attracting a peak fare of $2 or less to encourage greater use of public transport during the day such as around the CBD etc.*** Then to next band would be 5 to 20 kms, followed by 20 to 35 etc.

The inequity in fares is also driven by train journeys measuring the track distance between tap on and tap off and journeys through the Sydney CBD adding an extra 3.21 km. Given other modes of transport calculate the distance as the crow flies I do not understand why trains use a different system. There should be a degree of consistency in fare calculations regardless of transport mode. On the issue of adding 3.21km to Sydney CBD journeys, this seems to be price gouging and given that almost all train journeys are designed to travel through the CBD, this practice is unfair and unreasonable.

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

IPART has recommended an off-peak discount of 40% on train services to reflect these differences. I would support a 40% discount applying to off peak fares as it may encourage greater use of the public transport system during the off peak time. While many users of the system are constrained when they travel, for example having foxed work hours, there are a number of discretionary journeys during the day particularly in off peak times. Friends have advised they could but do not travel one or two stops in the Sydney CBD as the cost is too great relative to the distance travelled.

If greater short journeys are to be encouraged, I would suggest applying ***a 50% discount between 11am and 2pm, with a 40% discount applying from 9am to 11am and then 2pm to 4pm. This would provide a greater signal and price incentive to use public transport during these off peak times.***

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

At IPART's last review it recommended that the then $2.50 cap on Sundays be increased to 40% of the weekday cap and apply on Saturday as well as Sunday, to help spread demand across the weekend rather than concentrating it on Sundays. I would **support the Sunday cap being applied to Saturday as well since there is a significant increase in passengers using public transport on Sundays**. However, since IPART is proposing a 40% discount being applied to weekday off-peak fares, then it would be more equitable to have ***a 50% discount applied to fares on both Saturday and Sundays.***

Thank you for your consideration and giving me the opportunity to comment. If you have any questions please do not hesitate to contact me.

Yours faithfully

Natasha Lee JP