

6 January 2020

Review of Maximum Opal fares  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
**Haymarket Post Shop NSW 1240**  
Lodged via IPART on-line submission portal

Dear Chairman

**Re: Draft Determination for Maximum Opal Fares to 2024 (December 2019)**

I refer to your draft determination on this subject dated December 2019. Thank you for giving me the opportunity to make a submission.

The Consumer Price Index for Sydney for the three years between September 2016 and September 2019 showed an increase of 5.4 per cent, while the Wages Price Index (NSW) for the same period showed an increase of 6.7 per cent. The very low levels of price inflation and wage growth over the last three years is likely to continue into the future and cover the period of the draft determination (ie. to 2024).

I note that the draft determination set out the proposed maximum prices excluding GST, whereas GST is applicable to Opal fares. Therefore the proposed increases are significantly greater than the report leads one to believe.

<b>Proposed increases to train fares</b>					
<b>Distance</b>	<b>Current fare</b>	<b>Proposed fare exc GST</b>	<b>% increase</b>	<b>Proposed fare inc GST</b>	<b>% increase on current fare</b>
<10km	\$3.61	\$4.00	11%	<i>\$4.40</i>	22%
>10 to <20km	\$4.48	\$4.91	10%	<i>\$5.40</i>	21%
>20 to <35km	\$5.15	\$5.73	11%	<i>\$6.30</i>	22%
>35 to <65km	\$6.89	\$7.55	9%	<i>\$8.31</i>	21%
>65km	\$8.86	\$9.73	12%	<i>\$10.70</i>	21%

<b>Proposed increases to Bus and Light Rail Fares</b>					
<b>Distance</b>	<b>Current fare</b>	<b>Proposed fare exc GST</b>	<b>% increase</b>	<b>Proposed fare inc GST</b>	<b>% increase on current fare</b>
<3km	\$2.24	\$2.91	30%	<i>\$3.20</i>	43%
>3 to <8km	\$3.73	\$4.18	12%	<i>\$4.60</i>	23%
>8 to <20km	\$4.80	\$5.47	14%	<i>\$6.02</i>	25%
>20km		\$5.82		<i>\$6.40</i>	

Since price inflation and wages have been historically low and likely to remain so (especially over the price determination timeframe), I find it extremely disappointing that IPART has recommended such large price increases, which have been reported as 5 per cent annually on average. Whist I

appreciate that the costs of running a transport system may increase at a rate greater than the CPI, the magnitude of the proposed increases seem excessive given that ordinary commuters are struggling with day to day cost of living pressures and the proposed increases seem to do little to encourage greater use of public transport. However, as my analysis in the tables above show, over the determination period the increases amount to over 20 per cent for trains and even more for buses and light rail.

The large price increases proposed are likely to force commuters to consider alternatives to public transport, which could mean that more private cars and Uber trips may be taken resulting in greater road congestion and air pollution. I note that the Sydney average petrol price (while moving in cycles) has remained relatively constant over the same time. The marginal cost of using private vehicles (as a major competitor to public transport use) has therefore remained relatively flat while public transport costs have increased. Public transport fares should therefore not be increased significantly if the Government intends to reduce externalities such as road congestion and air pollution. Also at a time when the State is being devastated by bush fires and air quality is already poor, the health of the community should not be further put at risk by discouraging the use of public transport.

Given that inflation is less than 2 per cent per annum, it is hard to see why public transport fares should rise more than this amount. In addition, the reliability of the transport network whilst generally good but when it fails it does so in a spectacular fashion. It is difficult for ordinary commuters to justify why a minor problem snowballs into delays across major parts of the network taking many hours to resolve. Previously we were told funding had been made available to fix these sorts of problems (with part of these costs used to justify previous price increases) but the travelling public seem to have little to show for the investment.

I am also concerned about the inequity of the cross subsidization in relation to shorter trips increasing disproportionately relative to longer journeys, particularly for the shortest trips on buses and light rail. But the increase for short rail trips is also inequitable relative to the distances travelled. This has happened a number of times in the past and my concern is that shorter journeys should be encouraged, rather than discouraged through pricing practices. That is, I find it unfair that shorter distance fares seem to increase more dramatically than the longer commutes. If there are to be any increase the it should be the same across all fare brackets, even though I feel that the shorter fare brackets should increase by a smaller percentage than longer distances.

I note that there was discussion on your website seeking views on extending the eligibility for discounted Opal travel to Commonwealth Health Care Card holders, this did not appear to be included in your draft determination. I do not object to extending the eligibility criteria but would oppose any reduction in the eligibility criteria for the Seniors Opal Card. That is, I agree the minimum criteria for the Seniors Opal Card should be the NSW Seniors Card.

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

If you have any questions please do not hesitate to contact me. I am happy for this submission to be made public.

Yours faithfully

Natasha Lee JP