

# Maximum Opal Fares 2020 – 24

## On-demand transport

NCOSS response to the IPART Issues Paper

14 June 2019

The Council of Social Services of NSW (NCOSS) welcomes the opportunity to comment on the Independent Pricing and Regulatory Tribunal's (the Tribunal) Issues Paper (the Issues Paper) on maximum Opal fares 2020 – 24.

## About NCOSS

The NSW Council of Social Service (NCOSS) works with and for people experiencing poverty and disadvantage to see positive change in our communities. When rates of poverty and inequality are low, everyone in NSW benefits. With 80 years of knowledge and experience informing our vision, NCOSS is uniquely placed to bring together civil society to work with government and business to ensure communities in NSW are strong for everyone. NCOSS has consulted with its members to inform the recommendations made in this submission.

## Objectives of the IPART review: what's most important?

Public transport is an essential service. It connects people to employment, education, goods and services, social supports and opportunities to participate in the community. It makes our cities more functional and liveable by reducing congestion, contributing to economic productivity, lessening environmental impacts and promoting social inclusion.

In 2019 NSW is a prosperous state. We have a strong economy, jobs growth and record infrastructure spending. However there are still too many people that are not reaping the benefits of our prosperity. We have more households in housing stress than any other state. Social housing supply has not kept pace with population growth, so 56,000 people are currently on the wait list. Between 2011 and 2016 there was a 30 per cent increase in homelessness in NSW.<sup>1</sup>

More than 4 million people live below the NSW the median weekly household income of \$1486.<sup>2</sup> Approximately one million of these people are living below the poverty line. 14 per cent of children under the age of 15 are experiencing poverty, a rate higher than any other mainland state.<sup>3</sup>

The NSW public transport network is the third largest cost to NSW taxpayers.<sup>4</sup> It delivers many benefits, including for those experiencing poverty and disadvantage. For people on low incomes and/or impacted by other forms of disadvantage such as unemployment, under-employment, disability, mental ill-health, lack of secure housing etc, public transport is an essential service that allows them to keep food on the table and improve their circumstances. In the face of ongoing disadvantage, access to communities and support is essential.

Residents should reasonably expect to have functional and affordable access to public transport regardless of their socioeconomic position.

**According to the Australian Human Rights Commission** “you have a right to maintain your independence as much as possible and this means being able to travel to attend appointments or

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<sup>1</sup> Australian Bureau of Statistics, between 2011 and 2016 Censuses

<sup>2</sup> .idcommunity, 2018, *Community profile NSW Individual income*, available [here](#), accessed 14 June 2019

<sup>3</sup> NSW Council of Social Services, *2019 Election Platform*, available [here](#), accessed 14 June 2019

<sup>4</sup> Independent Pricing and Regulatory Tribunal (IPART), 2018, *Maximum Opal Fares 2202 – 24. Issues Paper*. Sydney, p. iii

access goods and services. Your right to participate in community life also means having the ability to get around.”<sup>5</sup>

NCOSS argued in its submission to IPART’s 2015 review of Opal fares that the Tribunal give weight to the impact that higher priced fares have in reducing the accessibility of transport services for those experiencing financial and other forms of disadvantage.<sup>6</sup> NCOSS continues to advocate that the Tribunal ought to include equity and accessibility for all people as a clear and specific objective in price setting.

The impact of fare changes on those with tenuous access to public transport due to financial and other disadvantages is significant. Higher prices see many low-income people and their families devoting a larger share of their modest incomes towards meeting transport costs to maintain and reduce spending in other essential areas. A range of factors such as housing, food, health care, energy and very low welfare payments interact with people’s ability to quarantine money for transport fares. Yet, the choice to sacrifice transport risks further exclusion from the community. With this in mind, it is important to note that the focus of the recently re-elected NSW Government is to deliver “better outcomes for the most vulnerable and equality of opportunity for people across the State”.<sup>7</sup> Access to public transport is a fundamental NSW government priority.<sup>8</sup>

It is important to note that barriers to transport access for those experiencing poverty and disadvantage, including disability, go well beyond price and location. This particular submission does not address all of those a barriers because they are not encompassed in the parameters of IPART’s enquiry.<sup>9</sup>

**Recommendation:** Include equity of access to public transport as a key objective for reviewing Opal fares.

### Fare changes: where we live and how we travel.

An effective public transport system connects people with employment opportunities of all types and locations. In Greater Sydney though, poor access to public transport, lower service frequencies and more expensive travel to employment centres compounds disadvantage. About 45% of the population of Sydney’s outer suburbs travel more than 20kms to work, compared with 7% of inner suburb residents.<sup>10</sup> Lower income earners are less likely than higher-paid workers to travel to Sydney’s Central Business District or other ‘high value’ employment centres which are well serviced by public transport links.<sup>11</sup> Having more limited work options because travel is not accessible entrenches disadvantage and reduces choice and opportunity.

<sup>5</sup> Australian Human Rights Commission, ‘11 – Your right to transport’, available [here](#), accessed June 7 2019

<sup>6</sup> NCOSS, 2015, ‘IPART. More efficient, more integrated Opal Fares Transport – Draft Report’, available [here](#), accessed 11 June 2019

<sup>7</sup> NSW Government, 21 March 2019, *New cabinet team to get it done for NSW – Media Release from the Premier*, available [here](#), accessed 12 June 2019

<sup>8</sup> NSW Government, *Future Transport 2056, Chapter 2 A Vision for Transport*, available [here](#), accessed 11 June 2019

<sup>9</sup> NCOSS positions on accessible transport, transport for older people and community transport can be found at [www.ncoss.org.au/policy](http://www.ncoss.org.au/policy)

<sup>10</sup> Infrastructure Australia, 2018, *Outer Urban Public Transport: improving accessibility in lower density areas*, Commonwealth of Australia, Canberra, p.4

<sup>11</sup> Infrastructure Australia, *Ibid*, p.74

*“People are used to being underprivileged and there being no transport in their community. People stay in their own suburb and don’t go anywhere because they have gotten used to it.” – NCOSS member*

The role of fare setting in ‘evening out the playing field’ for residents across Greater Sydney is significant.

The Issues Paper acknowledges that it is inequitable that those required to pay higher fares are predominantly those on lower incomes. Careful consideration of adjustments to fare arrangements, mode changes, and relative distance pricing are warranted and provide an opportunity reduce barriers facing people experiencing poverty and disadvantage. It is from this perspective that NCOSS makes the following recommendations.

#### Should light rail and metro services have their own mode-specific fares?

New transport options in Western Sydney and beyond are not a benefit, but a public service. Such projects are in response to population growth and the backlog in transport need from failure to address it at an earlier point. People who access new light rail and metro transport should not pay an additional fee on top of prevailing fares, particularly where the new mode replaces existing bus and train services. This is line with the Issues Paper objectives that fares remain stable, affordable and encourage use. It is also in keeping with the notion of an integrated public transport system that is simple to understand and use.

**Recommendation:** continue to set maximum light rail and metro fares in line with buses and trains.

#### Should the \$2 discount for transferring between modes of transport be higher or lower?

Governments make inferior investments in transport options in outer-urban areas due to lower density populations.<sup>12</sup> These very same populations tend to be more disadvantaged and more likely to be living in poverty.<sup>13</sup> Western Sydney is the epicenter of rental stress in Australia, where people on low income pay more than 30% of their income in the private rental market.<sup>14</sup>

Charging different rates for different mode types makes sense from an administrative perspective with regard to varying costs for delivering different modes. However this results in cost penalties for vulnerable users. Subjecting transport users to higher journey fares because they have no choice but to change modes isn’t equitable and reduces the accessibility of the network. Infrastructure Australia has recommended that interchange fare penalties be removed, and replaced with incentives to transfer between modes particularly in lower density areas.<sup>15</sup>

**Recommendation:** Remove mode change fare penalties and replace with incentives to transfer between modes.

<sup>12</sup> Infrastructure Australia, *ibid*, p.4

<sup>13</sup> Davidson, P., Saunders, P., Bradbury, B. and Wong, M., 2018, *Poverty in Australia, 2018*. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, p.64

<sup>14</sup> Bellamy, J., Andersen, P. and Bijen, G., 2019, *Rental Affordability Snapshot 2019 – Greater Sydney and the Illawarra*, Anglicare Diocese of Sydney, Social Policy & Research Unit, Sydney. Available [here](#)

<sup>15</sup> Infrastructure Australia, 2018, *Outer Urban Public Transport: improving accessibility in lower density areas*, Commonwealth of Australia, Canberra, p.7

Is there currently a good balance between fares for short distance and long distance travel?  
Should fares increase more gradually and smoothly as the distance travelled increases?

The Issues Paper draws on previous analysis to argue that there is a strong case for fares to increase with distance travelled. Indeed, the cost of providing longer distance services is higher, fewer people use these services, and the 'external benefits' of using public transport are lower further from the CBD as roads tend to be less congested.<sup>16</sup> This analysis excludes the objective of equity of access.

#### *Distance bands*

More sensitive distance bands are an opportunity for fares to increase more gradually. The Issues Paper acknowledges that this might reduce parking problems at stations at the boundaries of existing bands and even-out the relative price per kilometre that users pay. More gradual fare increases could also make travel accessible to more people on low incomes or who have to travel further. Reduced jumps in cost over a journey could mean the difference of a few dollars that makes a fare affordable.

*"People shouldn't be penalised for living wherever more affordable housing for families is."* – NCOSS member

There should be an increase to the number of distance bands dividing public transport journeys, coupled with an expansion of concessions available to target those in the workforce but on low incomes. This would act as a counter-balance against those least able to pay being required to more because of distance travelled.

There are important factors to consider that are not recognised in the Issues Paper:

- Distance bands mustn't become too complex. It would not be appropriate to remove distance bands and replace them with a flag-fall and per kilometre charge. The Issues Paper acknowledges that under such a system passengers mightn't know the exact cost of their trip prior to taking it. Easily and accurately predicting fares is important for people experiencing disadvantage. An unexpected cost can shift the balance between managing one's budget and crisis.
- Explanations of cost must be accessible. It would be inappropriate to expect that older people, people with disability, people from culturally and linguistically diverse backgrounds, people with no or limited access to internet data due to low income, and others experiencing communication and access barriers, to navigate an exclusively online or application based fare estimation system. Digital inclusion (or in fact, exclusion) must be kept in mind. In NSW, these sociodemographic groups are still digitally excluded.<sup>17</sup>

**Recommendation:** Introduce more sensitive distance bands so fares increase incrementally. New fares arrangements should be predictable and accessible.

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<sup>16</sup> Independent Pricing and Regulatory Tribunal (IPART), 2019, *Maximum Opal Fares 2202 – 24. Issues Paper*. Sydney, p. 9

<sup>17</sup> Thomas, J, Barraket, J, Wilson, CK, Cook, K, Louie, YM & Holcombe-James, I, Ewing, S, MacDonald, T, 2018, *Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2018*, RMIT University, Melbourne, for Telstra, p.26

## Should IPART make changes to when and where peak fares apply?

Off-peak travel concessions should be extended to transport modes beyond train and metro services. An equitable approach to setting public transport fares recognises that people travel outside of peak hours on all forms of transport.

However many low-income earners and people living in poverty do not enjoy the luxury of being able to choose the time of day during which they travel. Those who must travel during peak times to attend jobs or get to appointments will pay significantly more than those who can travel during the off-peak period. It is here that concessions play an important role in improving equity of access to public transport for low income earners and people living in poverty.

IPART should also consider the impact and equity of frequency discounts and weekly price caps. NCOSS commends the Government's recent commitment to reduce the weekly Opal maximum fare to \$50.<sup>18</sup> While such arrangements are beneficial to frequent travellers the overall burden of transport cost recovery is not shared equally between frequent and less-frequent travellers. This leads again to the importance of concessions.

**Recommendation:** Off-peak travel concessions should be extended to other transport modes.

### Concessions: linking people experiencing poverty and disadvantage with their communities

This submission has so far offered recommendations that will make public transport more equitable and accessible for people who experience barriers to full inclusion in the community. However, standard fares which meet IPART's proposed objectives for this review are unlikely to be affordable for those on very low incomes, income support payments or experiencing poverty.

IPART should look more deeply than the economic cost-benefit of fare setting. Opal fares interact with and contribute to the complex disadvantages experienced by people in Greater Sydney and also have a role in reducing those barriers.

#### Case example: the weekly cost of public transport for vulnerable families

A volunteer run multicultural case management service in Western Sydney describes a particular situation that demonstrates this interaction. A single mother with two children aged 9 and 11 live within walking distance of their school.

This client does not speak English, has never worked, and is a permanent resident. She survives solely on Centrelink allowances. The father of the children has not paid any child support since they separated in 2017.

The client is obliged, in order to receive her income, per week to:

Attend English classes three times a week between school times: \$1.83 each way or \$5.49 per week.  
Attend Centrelink or an employment service provider at least once a week: \$9.40. Take the children to a contact visit with the father one evening a week: \$14.10

Each week they visit their place of worship and do the shopping. Those days cost the family \$23.70 for Saturday and \$8.30 for Sunday (children receive concession rates).

<sup>18</sup> Liberal Party of Australia, NSW Division, 2019, *\$50 weekly cap for public transport*, available [here](#), accessed 28 May 2019

Her income is \$606 via Newstart and a \$780 parenting payment per fortnight, totalling \$1386. Her rent costs \$790 per fortnight, leaving her with \$596. That is \$298 per week for all other essentials including bills.

The minimum transport spend in a week adds up to around \$61 per week, or **up to 20 per cent of her remaining income**. If she has to go anywhere the first concern is the cost of transport. A Gold concession of \$2.50 per day could give her nearly \$15 more dollars per week to spend on other essentials.

### *Cost of living*

NCOSS 'Cost of Living' research in 2017 and 2018 found that people on low incomes and those experiencing poverty frequently forego transport in order to cover their other costs.

In 2017, 29.6 per cent of respondents had foregone public transport or use of a private vehicle in order to pay their bills, with 6.4 per cent doing so regularly. Of those on Newstart in 2017 nearly 50 per cent had not used public transport or a private vehicle as a result of having to pay other bills.<sup>19</sup>

In 2018, 40 per cent of respondents went without essentials such as medication clothing and transport in order to buy food. For a third of 2018 respondents, there was no bus available to get to a grocery store.<sup>20</sup>

These results indicate serious impacts on health and wellbeing. Foregoing essentials like transport and medication compounds financial vulnerability by isolating people from employment opportunities and putting people at risk of homelessness.<sup>21</sup> It is important to recognise the impact that fares that are out of reach of vulnerable people have on their opportunities to participate in the community, seek, gain and maintain employment and education. While the underlying issue is certainly the low rates of income support payments, concession fares can play a major role in enabling many people experiencing poverty and disadvantage to access opportunities to reduce their barriers.

#### **Case example: older people in the private rental market**

Research has shown that having very little money impacts older people's access to public transport and therefore to community and services, even at the Gold Opal concession rate. In 2016, \$2.50 represented about 1 per cent of the aged pension.<sup>22</sup>

*"I can get on a train for \$2.50. I can do things, but that is a strain because I'm paying \$500 a fortnight and that's more than the pension allows."*

*"I want to go out sometime; I've got no fare to go. Before it was all right. It was \$1.10, now. \$2.50 – very hard to find it."<sup>23</sup>*

<sup>19</sup> NSW Council of Social Service, 2017, *Turning out the lights: cost of living report 2017*, Sydney

<sup>20</sup> NSW Council of Social Service, 2018, *Access to health food: cost of living report 2018*, Sydney

<sup>21</sup> NSW Council of Social Service, 2017, *ibid*, p.13

<sup>22</sup> Morris, A. 2016, *The Australian Dream: housing experiences of older Australians*, CSIRO Publishing, NSW, p.128

<sup>23</sup> Morris, A. *Ibid*, p.128

Are the current suite of discounts available on OPAL services appropriate?

IPART should review the current suite of discounts in view of the importance of the objective of equity of access.

#### *Newstart recipients*

Australia's income support system was designed to help people when they are going through tough times to support them into suitable paid work. But Newstart is not working – the rate has not been increased in real terms for 25 years while living costs have gone through the roof.

It is unequivocal that the cost of living vastly outstrips the Newstart allowance. Newstart provides recipients \$278 per week. Analysis has found that covering the basics like housing, food and transport costs a single person a minimum of \$433 per week.<sup>24</sup> Not having enough money to keep up with bills is a major barrier to employment and getting out of poverty. Not having enough money to move around to access employment opportunities is an insurmountable one.

It is inequitable that individuals with financial resources as limited as seniors and pensioners, namely those on Newstart, do not get access to the same levels of concessions.

#### **Case example: Cassandra's Story for Raise the Rate**

NCOSS has joined with the Australian Council of Social Service (ACOSS) and 68 other not for profit and community sector organisations to advocate that the federal Government increase the rate of Newstart by \$75 per week, and index allowances to wages. The [Raise the Rate Campaign](#) features a number of stories of people living on Newstart, including young person Cassandra.

*"It's really hard to live on \$40 a day, I had to give up a lot of things. Affording transport was really hard, often I couldn't pay the fare... I've tried to get work and stuff, but it's hard to get transport, get decent clothes... it's really hard to break that cycle when you're on so little."*

Providing deeper concessions to the costs of transport for people living below the poverty line could make a big difference. The broader social and economic benefit is increased employment participation and reduced reliance on Government-provided financial assistance.<sup>25</sup>

**Recommendation:** Extend the \$2.50 per day Opal Gold fare to Newstart recipients.

#### *Health Care Card holders*

People on low incomes who may be working infrequent or few hours are often eligible for Commonwealth Health Care Cards. Health care card holders include students, carers and people who aren't well enough to work full time. People who are underemployed can also access Health Care Cards. In NSW under-employment is a persistent and increasing issue, especially in the lowest paid occupations (retail trade, health care and social assistance and accommodation and food services all have relatively high numbers of underemployed).<sup>26</sup> Enabling access to transport for those who are struggling to make ends meet is vital for their continued participation in the workforce.

<sup>24</sup> Australian Council of Social Service, 2019, *Fact sheet: Raise the Rate, everyone benefits*, available [here](#), accessed 7 June 2019.

<sup>25</sup> Deloitte Access Economics, 2018, *Analysis of the impact of raising benefit rates*, Melbourne, available [here](#), accessed 12 June 2019.

<sup>26</sup> Australian Bureau of Statistics, *Labour Force Australia*, September 2018, available [here](#), accessed 14 June 2019, and *Employee Earnings and Hours Australia*, May 2018, available [here](#), accessed 14 June 2019.



Concession rates have not been extended to holders of Health Care Cards in NSW. In [Victoria](#), [Western Australia](#), [Tasmania](#), [the Australian Capital Territory](#) and [the Northern Territory](#), concession eligibility has been extended to people in possession of a Commonwealth Health Care Card in acknowledgement of the aforementioned high cost of living, and the importance of transport in access to jobs and essential services.

**Recommendation:** extend concession fare eligibility to all Health Care Card holders.

#### Discussion: fare evasion

In Victoria in 2016, a Ticketing Compliance and Enforcement Review found that many poor, homeless and disadvantaged people are forced to fare evade in order to access basic services and get to appointments.<sup>27</sup> This results in Victorians being issued with fines that they cannot afford to pay, entrenching their disadvantage and embroiling them in the legal system.

In NSW, fare evasion cost \$83 million in lost revenue in 2017.<sup>28</sup> We heard anecdotally from NCOSS members that young people evade fares because they can't afford them. If they get caught they accrue debt they are unable to pay and end up on a work and development order at the age of 18. Others try to pay their debts out of insufficient Newstart payments. The approach taken by Transport for NSW has so far been punitive; increasing visibility of Transport Officers and marketing the fines of hundreds of dollars commuters could receive.<sup>29</sup>

Well targeted and generous concessions improve equity of access to the public transport system, and can reduce the amount of fare evasion experienced on the network.

#### On-demand transport

A million people in Sydney's outer suburbs are not in walking distance of transport.<sup>30</sup> On-demand public transport can help ensure more people can access fixed route transport and essential services.<sup>31</sup>

The current Transport for NSW trial of on-demand services is intended to determine if and how this service should be included as part of the public transport network. The evaluation of the on-demand transport trials is yet to be published. In the absence of this evaluation, NCOSS makes the following comments based on the Issues Paper and consultation with NCOSS members.

- It is important that IPART recognises that Government must adequately fund community transport (CT) options for those who are transport disadvantaged. CT supports people with a range of disadvantages and transport challenges who can't use public transport. CT focuses on the needs of people, community, affordability and quality.<sup>32</sup> CT not-for-profit organisations provide value for money through experience and community-based expertise.

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<sup>27</sup> Victorian Government, 2016, Report of the Review into Public Transport Ticketing Compliance and Enforcement, Melbourne

<sup>28</sup> Transport for NSW, 2018, *Opal fare evasion cost you \$83,000,000 last year*, available [here](#), accessed 28 May 2019

<sup>29</sup> Transport for NSW, 2018, *Ibid*

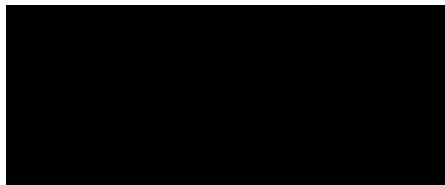
<sup>30</sup> Infrastructure Australia, 2018, *Outer Urban Public Transport: improving accessibility in lower density areas*, Commonwealth of Australia, Canberra, p.4

<sup>31</sup> Infrastructure Australia, *ibid*, p.44

<sup>32</sup> Community Transport Organisation, 2018, *Election Issues*, Sydney, p.3

- Having said that, existing CT providers have strengths and experience that need to be recognised.<sup>33</sup> IPART should acknowledge the fit-for-purpose of CT in the on-demand space. Unfortunately the capacity of CT providers is limited due to contractual red-tape, funding restrictions, fleet ownership issues and challenges associated with the NDIS. Facilitating the extension of CT services to on-demand contracts should be considered a vital part of any on-demand service growth.
- NCOSS does not support a market-driven approach to Government contracts when the playing field between CT providers and private transport operators is not even.
- NCOSS members report that the likely clientele for on-demand services is community specific. Our consultation indicated that the most important aspect of successful implementation of on-demand services is community consultation to arrive at identified needs.
- “Willingness to pay” for an on-demand service should not be conflated with ability to pay. The most important objective for setting fares for on-demand transport are equity and accessibility. Fares should not exceed the fares of other modes of public transport.

Thank you for the opportunity to contribute to this review of Opal fares. Should you have any questions in relation to this matter, please do not hesitate to contact NCOSS Director of Policy & Research, Anna Bacik [REDACTED] or via email at: [anna@ncoss.org.au](mailto:anna@ncoss.org.au).



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<sup>33</sup> Community Transport Organisation, 2018, *ibid*.