

# Independent Pricing and Regulatory Tribunal NSW

Maximum Opal Fares 2020 - 2024

NCOSS Submission to Draft Report



January 2020

## 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.

As the peak body for health and community services in NSW we support the sector to deliver innovative services that grow and develop as needs and circumstances evolve.

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## Introduction

NCOSS welcomes the opportunity to provide comment on IPART's Draft Report on Opal fares 2020-24 (the Draft Report).

NCOSS acknowledges that IPART has taken on a number of recommendations made in the NCOSS submission to the Discussion Paper on Opal Fares 2020-24. This submission makes further recommendations to improve equity of access to the Sydney Opal network. Our members and their direct experiences of supporting people facing barriers to accessing public transport inform the recommendations.

We strongly support in principle the measures proposed by IPART that improve public transport access and affordability, including extending concessions to Health Care Card holders, offering free travel to people with disability and further measures for vulnerable people. However, some of the proposals in the Draft Report may have unintended consequences that risk disproportionately disadvantaging people on low incomes. Careful consideration needs to be given to the design and implementation of these proposed programs to ensure their effectiveness.

## Summary of recommendations

NCOSS recommends that IPART:

- Incorporate equity and accessibility for all people as a clear and specific objective in Opal price setting.
- Ensure the NSW Government provides discounted Opal Connect pass offerings that are simple to understand and clearly communicated so that everybody can benefit from them. The NSW Government should consider utilising Service NSW to support the implementation any new arrangements.
- Advise the NSW Government any program offering free travel for people with disability must be co-designed with people with people with disability and representation by specialist disability sector.
- Take on oversight and responsibility for ensuring the Opal network achieves the goal of full accessibility as required by the Disability Standards for Accessible Public Transport.
- In light of the evidence for the economic benefits of extending the \$2.50 per day Opal Gold fare to income support recipients, recommend this reform to Government.
- Recommend that the NSW Government, in consultation with the community services sector and the people it supports, implement a program of free weekly and monthly travel passes targeted to people who require temporary relief from public transport fares.

## Economic disadvantage and access to public transport

The Australian Human Rights Commission is of the position that all people have the right to participate in community life and get around, regardless of their socioeconomic position.<sup>1</sup> More than 880,000 people in NSW are living below the poverty line. In Sydney, 12.6% of the population live with significant economic disadvantage.<sup>2</sup>

Economic disadvantage, or poverty, affects people both in and outside the workforce. Poverty rates for people in full-time and part-time work across the state are 5% and 7% respectively.<sup>3</sup> People who are not in the labour force have a poverty rate of 26.7%.<sup>4</sup> This includes students, primary carers, volunteers and people under 64 who are retired.

In the face of such disadvantage, access to transport ensures that people can reach essential services and continue to participate in the community. For all people impacted by hardship, transport costs have a significant impact on their financial security, employment opportunities and overall health and wellbeing.<sup>5</sup> It is positive that IPART has acknowledged this in the draft report. However, while it still the case that people on low incomes might be priced-out of using the public transport network due to prohibitive fares, there is scope to better prioritise access for such ‘vulnerable groups’.

**Recommendation:** IPART include equity and accessibility for all people as a clear and specific objective in Opal price setting.

## Opal Connect pass offerings

NCOSS commends IPART’s recommendation that the NSW Government provide lower cost ‘passes’ tailored for some public transport users. Passes reflecting a range of travel patterns and budgets will improve affordability for those who are able to invest in their fares upfront. Having the option to cap and control expenditure through such passes could be beneficial for some people on low incomes. Where costs are predictable and consistent, the proposed system may allow easier budgeting and planning. It will be important for Opal Connect arrangements and purchasing pathways be to completely accessible to ensure that all people who might benefit can take advantage of pass arrangements.

**Recommendation:** Ensure the NSW Government provides discounted Opal Connect pass offerings that are simple to understand and clearly communicated so that everybody can benefit from them. The NSW Government should consider utilising Service NSW to support the implementation any new arrangements.

There are problems with equity and fairness in the proposed Opal Connect approach.

First, people on low incomes may not have the financial capacity to purchase ‘packages’ of trips. The proposed Opal Connect pass offerings reward people that:

- use transport often
- know how frequently and what time of day they will be using transport
- have flexibility with their travel times
- have a regular income
- can make upfront payments.

Yet they could penalise people experiencing disadvantage who:

- use transport irregularly or infrequently and for whom ‘passes’ wouldn’t be cost effective
- are digitally excluded (in Sydney this is 11% of people, the majority of whom are older people and people on low incomes)<sup>6</sup> or who are uncomfortable using online platforms

- are on a low income or who receive income support and cannot afford the upfront costs.

Second, the proposed Opal Connect pass arrangements do not negate the need for adequate concessions for people on low incomes. Passes do not address the fundamental lack of money individuals living in poverty have to spend on transport and other essential needs. At present, the minimum income needed to meet living costs exceeds income support and rent assistance by more than \$100 per week. Upfront purchases of passes costing \$20 or more are simply out of reach.<sup>7</sup>

## Proposed targeted programs for vulnerable customers

NCOSS welcomes IPART's recognition that there are vulnerable people who need to be supported to access and afford public transport. This acknowledges the heavy reliance on public transport that people experiencing disadvantage may have.<sup>8</sup>

NCOSS supports in principle the recommendations to increase supports for vulnerable people that IPART makes in its Draft Report. The proposed approaches require careful consideration to ensure the appropriate targeting of programs.

### Free travel for people with permanent disability

People with permanent disability should have the opportunity to use Opal cards free of charge for travel on Greater Sydney's public transport network. However, people with disability cannot receive the full benefit of this proposed program until the transport system is in line with the Disability Standards for Accessible Public Transport. It will also be important for people with disability to have input to the design and implementation of such a scheme, including eligibility criteria.

**Recommendation:** Advise the NSW Government any program offering free travel for people with disability must be co-designed with people with people with disability and representation by specialist disability sector.

**Recommendation:** IPART take on oversight and responsibility for ensuring the Opal network achieves the goal of full accessibility as required by the Disability Standards for Accessible Public Transport.

### Defining a 'vulnerable person'

IPART proposes targeted programs for vulnerable people who fall outside of current concession eligibility.

To identify who is vulnerable for suitably targeting IPART's suggested programs, it is useful to define 'vulnerability'. According to the World Health Organisation (WHO) 'vulnerability' is the degree to which a population or individual is unable to anticipate, cope with, resist and recover from the impacts of disaster, sudden change, shock or stress.<sup>9</sup> People differ in their risk of exposure to poverty, and therefore vulnerability, depending upon their social group, gender, ethnic or other identity, age and other factors.<sup>10</sup>

A household experiences poverty when its income falls below a level considered adequate to achieve an acceptable standard of living.<sup>11</sup> People who receive income support such as Newstart have an income that

is well below the poverty line.<sup>12</sup> For example, the single rate of Newstart is \$282 per week, which is more than \$100 per week below the poverty line, and less than 40% of the minimum wage. It is widely accepted that income support payments are too low to keep up with the cost of living, including travel. This is particularly the case in NSW, where most Newstart recipients live<sup>13</sup> and the living costs are some of the highest in Australia.<sup>14</sup>

People who are in receipt of income support are vulnerable; they are often living below the poverty line, in housing stress and with no financial protection from changing circumstances and sudden expenses. Therefore, programs that target vulnerable people must apply to all people receiving income support.

In the Draft Report it is unclear what ‘discounted weekly and monthly travel passes’ would involve and to whom they would be targeted. The following recommendations will ensure IPART recommends appropriate targeting and the right level of support reaches those who need it.

### **Deeper concessions for ‘vulnerable people’**

Relying on community service organisations to provide temporary ‘discounted’ passes to all vulnerable people is not reasonable. Providing deeper concessions to the costs of transport for people living below the poverty line would go further to reduce their vulnerability. The broader social and economic benefit of such concessions are increased employment participation and over time, reduced reliance on Government-provided financial assistance.<sup>15</sup>

**Recommendation:** In light of the evidence for the economic benefits of extending the \$2.50 per day Opal Gold fare to income support recipients, recommend this reform to Government.

### **Targeted programs for times of crisis**

‘Vulnerability’ also applies to special or sudden circumstances outside of permanent disability or ongoing poverty. Anybody can find themselves homeless or without access to money or resources due to circumstances beyond their control such as substance dependence, homelessness, natural disasters and domestic violence. These situations should constitute temporary free travel.

In NSW recently, many families have found themselves having suddenly lost their homes, incomes and possessions due to bushfires. For people impacted by personal and environmental crises to remain engaged with school, their jobs and community supports while avoiding the infringements system, free transport must be quickly and easily available.

NCOSS supports IPART’s recommendation that the NSW Government provide community service organisations with weekly and monthly travel passes to dispense as appropriate.

In the design and implementation of any programs providing free transport to people in times of crisis, the NSW Government must learn from other jurisdictions. Careful consideration of program design, eligibility and implementation will ensure it is effective at improving access to transport and preventing vulnerable people from entering the infringements system.<sup>16</sup> The community service sector should not shoulder any extra cost in administering such a program.

**Recommendation:** IPART must recommend the NSW Government, in consultation with the community sector and the people it supports, implement an evidence based program of free weekly and monthly travel passes targeted to people who require temporary relief from public transport fares.

## Focus on one-off trips for price increases

No data identifying why people purchase 'one off' Opal tickets is available. However, NCOSS members report that people who are purchasing one trip at a time are likely to have a low or inconsistent income and who may not be eligible for a whole or part concession and who cannot absorb larger top-ups or regular bulk payments.

The impact of the proposed one-off trip fare changes on vulnerable people may be significant. Any fare increase sees low-income households devoting a larger share of their money towards meeting transport costs and reducing spending in other essential areas. Housing, food, health care and energy bills interact with people's ability to quarantine money for transport. Some weeks, all that people will have is enough money for a single fare.

People do not use single tickets because they chose to pay a higher price per trip. NCOSS members provided examples for why people purchase single trip fares. These included:

- not having access to the minimum \$10 (or \$5 concession) to purchase the minimum to top up an Opal card via a credit or debit card
- circumstances making it difficult to keep Opal cards with credit safe
- not having access to debit or credit cards, a smart phone or the internet
- language and a lack of social or formal support as a barrier understanding of the services available.

IPART's focus on raising the price of single tickets to increase fare revenue will disproportionately affect those who are already struggling to make ends meet. Providing deeper concessions to all income support recipients and Health Care Card holders would ameliorate this challenge.

We would welcome the opportunity to discuss the issues raised in this submission. For further information please do not hesitate to contact Director of Policy & Research Anna Bacik on (02) 8960 7916 or via email at [anna@ncoss.org.au](mailto:anna@ncoss.org.au).

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