



## Action for Public Transport (N.S.W.) Inc.

P O Box K606  
Haymarket NSW 1240  
27 August 2015

Dr Peter J Boxall AO  
Chairman  
Independent Pricing and Regulatory Tribunal (IPART)  
PO Box K35  
Haymarket Post Shop NSW 1240  
email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

Dear Dr Boxall,

# Review of Fare Structures for Opal

## Introduction

This submission is in response to the Tribunal's Issues Paper dated July 2015 entitled Finding the Best Fare Structure for Opal. Submissions to this review close on 28th August 2015.

We understand that IPART will then conduct another review to set actual dollar fares to apply from 1st July 2016.

We still await the final report of IPART's review of the External Benefits of Public Transport which began in August last year.

## Who Are We?

Action for Public Transport (NSW) Inc is a transport consumer group, founded in 1974. We promote the interests of beneficiaries of public transport, including passengers.

## Executive Summary

In the Issues Paper, the Tribunal (IPART) has postulated numerous options for changing (or not changing) the way in which fares might be structured now that the Opal card has been implemented for use on all public transport modes in Sydney, Blue Mountains, Central Coast, Hunter, Illawarra and Southern Highlands (except privately operated ferries).

The Paper poses a series of questions (see below) to ascertain our views on the various proposals, and our reasons for so saying.

Our view on the main points:

1. Total fare integration should apply across all modes
2. Distance calculation should be by the concentric zones method used by Translink in South East Queensland
3. The current system of calculating fare caps and discounts should not be changed.
4. Concession card holders should not be restricted by time or location.

5. Consequences for some people such as decreases in fares or large increases have always been a product of system changes. There are ways of adjusting for this without sacrificing the total concept of the change. Let the technology serve the policy, not vice versa.

## Criteria for the Review

IPART's review is bound by two external requirements:

- the matters required to be considered under the Passenger Transport Act
- the matters specified to be considered in the referral from the Minister for Transport

These include matters of concern to the government, such as costs, revenue and efficiency, which might not be of such high priority for the passengers and potential users.

We have detailed these in Appendix A.

We wonder whether or not matters such as these should be left to transport management and auditors, and not be duplicated or encroached upon by IPART.

## Questions from the Issues Paper

The questions posed in the Issues Paper, and our brief comments, follow. We do not have the resources to argue each point in detail.

### Q1 Do you agree with our proposed criteria for review? (page 19)

IPART's criteria are

- encourages the efficient use of public transport
- promotes the efficient delivery of public transport
- encourages greater use of public transport
- minimises impacts on passengers
- is logical, predictable and stable over time, and
- increases farebox revenue or cost recovery.

We agree generally with all these ideas, and we especially like the comment (2.3) that fares policy should guide the technology, and the technology should not drive the fares policy.

In 2.3.1 and elsewhere, the paper seems to blame the passenger for making an inefficient transport choice. The passenger can only use what mode of transport that the government has provided. The Mosman resident cannot use a train.

### Q2 Do you see value in making Opal fares more integrated? (page 45)

Value for the user, yes, but we cannot speak for the operator. Passengers would not be penalised by a start-again fare when they change modes

### Q3 Which of the options for fare integration do you support, and why? (page 45)

We support full integration, where fares do not differ by mode of transport, or by the number of trips in each journey. This includes all existing modes and all new ones, such as the North West Metro and City and South East Light Rail. Full integration would not penalise passengers either because of where they live or because of temporary transport disruptions.

### Q4 If you support full fare integration, would you continue to support it if it meant that fares for some journeys had to rise? (page 45)

Yes – but full integration does not of itself necessitate fare rises. It is only the government's desire to maintain revenue that causes this result.

**Q5 Would you support increasing fares for longer distance journeys if it allowed shorter distance fares to be cheaper? (page 59)**

No, that violates the “simplicity” rule.

Longer distance train and bus fares were reduced a few years ago, so a restoration may not be unpalatable. Regular long-distance users benefit more than others from the weekly cap and the Sunday cap.

**Q6 Would you prefer a distance-based structure based on kilometres travelled or on bands, considering the benefits and drawbacks of each (to passengers)? (page 60)**

Estimating the fare in advance would not seem to be a problem for passengers, as long as they knew it was either one of two amounts, not too far apart. The system could cater for passengers living near fare boundaries by allowing some stops/station to be in two zones. Translink in Queensland does this.

**Q7 Would you support a flat fare in the inner part of Sydney with distance-based fares applying outside this zone? (page 60)**

Yes, depending on the definition of “inner part”. Some cities have a zero fare or have special free buses.

**Q8 Would you support the extension of the off-peak train discounts to buses and ferries? (page 69)**

In the past it was probably much easier to allow off-peak discounts on trains than to attempt to apply them to buses, but with Opal that difficulty has largely been removed. However, if there will always be cash tickets on buses, that difficulty at change-over time will remain.

IPART has given good reasons for retaining the off-peak discounts for trains but not implementing them on buses or ferries and we tend to agree with that argument.

Presumably the Opal system could then cope with a transfer from an off-peak train with a discounted fare to an off-peak bus with a full fare.

**Q9 Should the current definition of off-peak times for trains be varied, and should this same rule apply to buses, ferries and trams? (page 69)**

The existing rail off-peak times would have been chosen with some care so we would not support a change, unless to correct an anomaly. Years ago a train from Sydney to Katoomba and one from Richmond just before 9 a.m. were allowed as off-peak trips. The issue surfaced recently in [Sydney Morning Herald](#) 19<sup>th</sup> August.

**Q10 Do you see value in having peak fares in one direction only, or being replaced with a surcharge on peak entries and exits to/from the CBD?**

The peak fares would probably have to apply in both directions because many bus routes in Sydney carry heavy loads in the “reverse direction”, especially in the morning - buses north-bound across the Sydney Harbour Bridge, westbound on Parramatta Rd to Sydney University, buses from the City to UNSW.

Some bus routes ( e.g. 273 Chatswood, 288/290 Epping, 412 Campsie, 480/483 Strathfield, 525 Parramatta) have strategic terminuses at both ends of the route and provide peak hour services to the outer terminus in the reverse direction.

**Q11 Would you support fares being more expensive in the peak and cheaper in the off-peak, and would you change your travel patterns as a result? (page 69)**

No, the peak fares should not be raised to another level (outside of a general fare increase). Most people catch their usual train or bus because the time suits their needs, and are unlikely to be persuaded to change (or dissuaded from changing) to an earlier or later train because of the fare.

**Q12 Do you receive any benefit from the current day and weekly caps? How fair do you think the current discounts are? (page 78)**

As with the old weekly tickets, so with the Opal caps, people such as the large number who work short weeks are unable to take advantage of the discounts. It may also seem unfair that users, without deliberately trying, are able to accumulate eight trips in one or two days. No system can be completely fair to all five million users.

The Tribunal has suggested some alternative discount schemes, and we have no strong objection to any of those. although the current discount system in Sydney is similar to Brisbane's and seems to work well.

If the computer can accumulate daily and weekly trips and costs, perhaps it could also count monthly trips and costs and award some benefit.

### [Q13 Do the rewards make you more likely to use public transport than you would otherwise? \(page 78\)](#)

The incentive to ride more would have different results in different parts of Sydney, depending on the frequency and convenience of the transport available. The residents of the inner suburbs would benefit most because of the better public transport, but remember that these residents pay for this privilege in higher rates and rents.

### [Q14 Would you support discounted fares on more services \(e.g. a \\$2.50 daily cap on Saturdays AND Sundays if that meant you were unable to use free trips during peak times? \(page 78\)](#)

This seems to be adding an unnecessary complication to the system for probably very little additional benefit to either user or provider. If “the weekday morning period is when rail services in particular are at their most crowded” (page 77) then the government needs to do more than fiddle with the fares to overcome the problem.

### [Q15 Do you support a higher peak travel charge for pensioner concession tickets, perhaps combined with cheaper off-peak tickets. \(page 88\)](#)

We thought this battle was fought and won years ago when it was suggested that concession holders be barred from using their concession on morning peak hour transport. It was made clear that very few concession holders travel in the morning peak for the fun of it. Those that do are usually going to medical or baby-sitting appointments. An embarrassed rail official was forced to concede that the number was probably “two per carriage”.

We quote from page 84 of the Issues Paper: *The 2003 Parry Inquiry recommended removing access to the paper ticket equivalent to Gold Opal (the PET) for higher income seniors. The Council of Social Service of NSW (NCOSS) has also previously expressed support for this approach. In 2013, it argued that the current system is inequitable as it allows people on medium and high incomes to access concessions that are far more generous than those available to many low income earners. For example, a high-wealth seniors card holder can make unlimited travel on the network for \$2.50 per day using an Opal Gold card but a low income job seeker eligible for a Concession Opal card would pay \$7.50.*

High-earning seniors card holders may well be able to make unlimited travel for \$2.50 a day. But most of them have better things to do.

## **Other Matters**

On the subject of rewards for frequent users, the Octopus card in Hong Kong offers rewards far beyond the transport system. Additional incentives like these could be considered.

## **Conclusion**

Our main message is to Keep It Simple, and a fundamental requirement of that is to have the same fares across all modes.

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## **APPENDIX A**

### **Matters required to be considered**

IPART is to consider the following matters in making a determination or recommendation under this Part:

- a. the cost of providing the services
- b. the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers
- c. the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service
- d. the social impact of the determination or recommendation
- e. the impact of the determination or recommendation on the use of the public passenger transport network and the need to increase the proportion of travel undertaken by sustainable modes such as public transport
- f. standards of quality, reliability and safety of the services (whether those standards are specified by legislation, agreement or otherwise)
- g. the effect of the determination or recommendation on the level of Government funding
- h. any matter specified in the referral to IPART
- i. any other matter IPART considers relevant.

Source: s.124(3), Passenger Transport Act 2014.

### **Matters specified in the referral**

1. The benefits of fare structures that support network integration to increase network efficiency and reduce overall costs.
2. The benefits and costs of spreading demand for public transport to increase efficiency in service delivery and the likely impact of different fares on the travel behaviour of customers, including whether current concession arrangements for peak and off-peak travel support the optimal use of the network.
3. Whether there are strong arguments for or against full integration of fares across all Opal Services, given that some modes have significantly different costs and/or externality benefits.
4. The relative contributions that customers and taxpayers should make to the cost of delivering Opal Services, including light rail as an Opal Service.
5. The technical feasibility of making changes to the current fare structure, given the features of the Opal system and the contracts in place for its implementation and operation.
6. The most appropriate method or methodology for determining maximum fares for Opal Services, including the need for sufficient flexibility to implement any changes to the current fare structure (where relevant).
7. Where relevant, transitional arrangements from the current fare structure to a new fare structure, assuming that new fares would apply from 1 July 2016 and including any customer impacts and technical limitations.
8. The need to ensure consistency between:
  - i. the structure of fares in the final determination of appropriate maximum fares for Opal Services, and
  - ii. the NSW Government's announced policy position on the structure of fares for Opal Services.

Note that these points do not include "any other matter that IPART considers relevant".