



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

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Dr Peter J Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
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Dear Dr Boxall

Re: IPART Review of Public Transport Fares in Sydney and Surrounds

Introduction

This submission is in response to the Tribunal's Draft Report dated December 2015 entitled "More efficient, more integrated Opal fares".

This is part of the process towards setting public transport fares to apply from 1 July 2016.

We have lodged previous submissions in this matter on 27 August and 9 October 2015.

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

This paper comments on various proposals summarised in the Tribunal's media release "Feedback Sought on Proposed Public Transport Fares" dated Monday 21 December 2015. The following points summarise APTNSW's view on the principal matters.

1. We support the move to an integrated fare structure. The exclusion of private ferry services from the system is inconsistent with this outcome.
2. Large one-off increases in fares, including the per kilometre rate, the credit for free travel and Opal Gold Card cap are likely to act as disincentives for people to switch to or remain on public transport. Significant increases should be phased in over a longer period of time
3. The Tribunal has not explained how it would implement its plan for removing certain seniors from the Gold Opal Card. This limits our ability to provide unqualified support or rejection of the idea

IPART Proposal - An Integrated Fare Structure Across all Modes

This proposal goes most of the way towards addressing what we have been advocating for a number of years. An integrated fare structure does not penalise passengers who change mode. This is extremely important as Transport for NSW increasingly adopts the concept of a system requiring more interchanges, but offering more frequent services. There is strong empirical evidence behind an interconnected web of this nature.

However, the continued exclusion of private ferry services from the Opal system (with very limited exceptions for seniors) is an undesirable departure from this concept. These services are an increasing feature of the network. The Sydney's Ferry Future document suggests it is a goal of the government to encourage more private ferry operators so their exclusion from the fares structure will become increasingly concerning as time goes on. These services are a part of a network relied upon by passengers and tourists alike and need to be recognised as such. They should be included in the Opal system.

IPART Proposal - Removing free travel after eight trips in one week

Although we understand the Tribunal's motivation for removing the current discount structure, the alternative proposal is problematic.

The Tribunal's recommendation to remove what it sees as a "perverse incentive" to make short and meaningless journeys at the beginning of the week would reduce the cross subsidy frequent users of public transport receive from less frequent users of public transport. The method proposed means less reward for people who use public transport on a regular basis .

Under the Opal system, passengers currently receive free travel after eight trips. In the weekly train ticket system in place before that, passengers were rewarded with unlimited travel within their zone for the equivalent of four return journeys (eight trips). The new structure only provides a credit for passengers who exceed ten trips per week. This is potentially a 25% fare increase for passengers who currently make and exceed the eight trips per week. Why didn't the Tribunal consider a neater switch from "the first eight trips" to "the eight most expensive" trips?

A large number of people who work shorter weeks due to flexible work arrangements or other commitments are less likely to receive the benefit of this proposal.

This increase is likely to move people off public transport and back towards the private vehicle. That in our view is a truly perverse incentive. IPART should think again about this proposal.

IPART Proposal - Introducing a Weekly Travel Credit Arrangemen

Whilst we recognise the motivation behind the Tribunal's proposal, this proposal may cause confusion for some passengers. The present system provides a "credit" in real time once eight journeys have been met. Not providing the travel credit in real time has the potential to create uncertainty for passengers, the majority of whom are not in the habit of logging in at regular intervals to see their Opal statistics nor are they versed in all fare structures. A passenger making a particular journey may not know whether or not they will have to pay for it. This uncertainty may affect their decision to make that journey via public transport.

The \$65 cap (less for concessions) partially ameliorates this uncertainty but many passengers who make regular short journeys are unlikely to get to this cap

IPART Proposal - Increasing the Off-Peak Discount on Trains from 30% to 40%

We are supportive of this proposal as outlined in our correspondence of 27 August 2015

IPART Proposal - Changing Fare Bands so they are based on Straight-Line Distances

The examples offered in the report did not make it clear if the straight-line measuring would apply to journeys across the bays, harbours and other watercourses in Sydney or its surrounds. We presume it does, thereby making a trip from La Perouse to Kurnell (32km by car but 4km as the crow flies) comparatively cheap. Similarly, from Watsons Bay to Manly, the reduction would be quite generous.

Although the Tribunal has made a point about eliminating cross subsidies (on the assumption they are not equitable), we'd like to point out that this measurement creates a new cross-subsidy. Passengers whose journey between two points deviates from the "straight line" will be subsidised by those whose public transport journeys follow the straight line. Although the latter is shorter and presumably cost less to provide, passengers will pay the same amount.

We do not have a problem with that. Not all cross subsidies are bad. The topography of Sydney and its surrounds means that not all journeys between two points are straight forward. People should not be punished financially because of topography. We support this measure.

However, we caution that this structure may incentivise planners to move away from interchanges and design more routes in a straight line. Whether or not this is desirable is another question. Often systems that have fewer interchanges are inefficient and result in spare capacity on the network.

IPART Proposal - Introducing New Weekend Daily Caps

The Tribunal cites the success of the Sunday cap as a reason for change. During a period where weekend traffic is worsening with no distinguishable "rush hour" period, it is astounding for the Tribunal to see the success of weekend public transport patronage as a problem. Although there is a large economic subsidy, little is made of the external social benefits provided by public transport travel.

Although we agree with the proposal to lower the Saturday cap, and a modest increase in the Sunday cap would be reasonable, a savagely increased Sunday cap is not. The proposed new Sunday cap represents a 188% increase on the present cap for Sundays which would certainly discourage some passengers from choosing public transport to make their journey.

IPART Proposal - Increasing the Per Kilometre Rate

The Tribunal's reasoning for increasing the per kilometre rate "so that fares for longer distance journeys would increase relative to those for shorter distance journeys" was "to better reflect the higher costs of providing these journeys".

On first inspection, one may say this proposal punishes those who take longer journeys, the heavy lifters of the system whose journeys do much to reduce road congestion across Sydney and its surrounds. Moreover, the large one-off increases in fares will act as a disincentive for more people to use public transport for these longer journeys. IPART is approaching this issue from a viewpoint which is narrow and inappropriate, failing as it does to appreciate the big picture

of cities, housing, job location and transport planning.

At the same time, with the move to straight-line distance pricing, many passengers would fall into a lower kilometre bracket than previously, which we support. Similarly, we support the retention of a fare structure with tapered increases in fares as one moves distance brackets. This should remain a feature of the system.

IPART Proposal - Setting the Gold Opal Card cap at 40% of the Concession Fare and Changing Eligibility Rules

A price rise for the Gold Opal Card Cap is not unreasonable given that the price of a pensioner excursion ticket has not changed since February 2003, some thirteen years ago. However, moving from a \$2.50 cap to a \$3.60 cap represents a sudden price increase of 44%. This highlights the political folly of rejecting incremental increases over a long period of time.

The price rise is even greater for those seniors without a Pensioner or War Widow/ers Card who will no longer be eligible for the Gold Opal Card. The price rise from \$2.50 to the Concession Opal Card cap of \$9.00 is a 260% increase for seniors who are frequent users of public transport. We concede this price increase will not be incurred by all seniors as not everyone meets the cap every day. However, any sharp price increase will certainly be a short term disincentive for seniors choosing public transport as a method of travel.

The Tribunal appears to be assuming people who hold seniors cards but are not pensioners or war widows are all people with the means to absorb this price rise. As the pension eligibility age rises and increasing numbers of baby boomers retire, there will be an increasing class of persons who will be unable to access the age pension and will have to rely on limited incomes. It is not uncommon for older workers to "retire" with modest superannuation balances if they are retrenched, as their prospects of re-employment are poor.

Moreover, the Tribunal has not adequately explained its proposal to deprive some seniors of the entitlement to a Gold Opal Card. The government has expended considerable resources encouraging seniors to obtain Gold Opal Cards as several tickets were phased out from 1 January 2016. At the same time, the Tribunal makes a proposal to take many seniors off the Gold Opal. The Tribunal's proposal creates another "perverse incentive" for older drivers to remain on the road and stay away from public transport.

Apart from these concerns we have some practical concerns. Will there be a phasing in period? Will old cards cease to function after 11:59pm on 30 June 2016? What happens to credit on a redundant Opal Gold Card when a senior has to switch to an Opal Concession Card? These operational issues have not been addressed.

IPART Proposal - Increasing the Daily Cap from \$15 to \$18

Considering the maximum daily cap has not been increased for a number of years, this proposal is not unreasonable.

IPART Proposal - Pricing Paper Tickets at 40% More than Opal Fares

The 40% differential between Opal fares and single tickets goes some way to ameliorating the uncertainty created by abolishing the eight trip cap. It also encourages people to move onto the Opal system

However, there are many people for which the Opal system - as it stands - is not ideal. The minimum requirement for \$20 credit is excessive for short stay visitors who may not make that many trips on public transport during their visit and the procedure for obtaining a refund on the Opal Card is cumbersome. When faced with these hurdles, the 40% price differential may not convert occasional public transport users or short stay visitors into Opal Card users. Surely this should be one of the aims of the fare structure. If the Tribunal addressed these issues, the 40% price differential would be more successful in its aim of getting more passengers to use the Opal system.

Conclusion

We welcome the stated aim of moving to integrated fares but lament that some of IPART's proposal works in the opposite direction. The main example is the exclusion of private ferry services, which are becoming increasingly important in the network.

The large one-off increases for several types of journey or fare structure will provide a disincentive to passengers to take up, maintain or increase public transport use. The Tribunal should consider recommending a staggered introduction of any new fare structure to help passengers adjust and avoid this outcome, which would be bad for the city's congestion levels and air quality.

Finally, we believe more it would be a mistake to move a large cohort of senior citizens off the Gold Opal Card.

Thank you for the opportunity to comment on these proposals. We are happy to provide further comment if required