

City of Sydney Council's response to the IPART's Methodology Paper about the new methodology for setting public transport fares in Sydney and surrounds

The City of Sydney acknowledges the intensive works proposed in the document for setting public transport fares. The paper demonstrates a solid contribution from previous work, thorough insights and standard methodologies for obtaining a socially optimal fare system. In most cases the definitions and assumptions are reasonable.

Question 1:

Do you agree with our proposed approach to setting fares? There are four broad steps:

- Estimate socially optimal fares;
- Develop fare options;
- Assess fare options;
- Set form of price determination (specific vs average fares).

Comments

The City of Sydney supports fares which ensure equity and accessibility. The Sydney CBD is the economic heart of the Sydney metropolitan area. There is an uneven spread across the Sydney metropolitan area of jobs and affordable housing, with jobs continuing to be concentrated in the east of the metropolitan area. While this obviously needs to be resolved through strategic land use and transport planning, it is important that we ensure that all employees, including those on lower incomes commuting longer distances to work can access employment.

Around 75% of journey to work trips into the CBD, excluding those made by residents in the Sydney LGA, are made by public transport. Fare levels, concessions, daily caps or other pricing methods should reflect a need to ensure employment in the CBD remains accessible from across the metropolitan area including for those on lower incomes. This is equally important in maintaining the attractiveness of the Sydney CBD as a focus for inward investment; employers require access to a broad and diverse workforce.

IPART should also recognise the value of transit in combating social exclusion. The cost of social exclusion is likely to outweigh the costs of providing effective transit.

The City supports the principal of socially optimal fares.

Question 2:

Do you agree with our proposed approach to estimating socially optimal fares across modes (rail, bus, ferry and light rail) and for the different times of the day (peak and off-peak, reflecting the different costs of providing these services and the different benefits generated from their use?)

Comments

Sydney's public transport system is characterised by extreme peak demand, particularly on the rail and bus corridors feeding the Sydney CBD. A fare structure that successfully increases use of transit in the shoulder peak periods and reduces the severity of the peak would effectively increase the overall capacity of the system.

However, in developing peak and off-peak fares broader equity and accessibility issues should be considered. People who travel further tend to have fewer transport options in terms of modes and the timing of travel. This may be particularly the case where there is a reliance on connecting transport services for return trips. That is, connecting bus services may not be available to commuters leaving the Sydney CBD after the evening peak period. In short, people may be tied to peak period travel through broader transport availability and timetabling considerations. The cost of travel to lower paid workers should also be considered; this group may be the most likely to work defined hours, with little discretion over start and finish times.

Question 4:

We propose to distinguish between efficient marginal costs for peak and off peak as follow:

- b in the off-peak period, and
- $b + \beta$ in the peak period

Where: b is the efficient marginal financial usage cost per journey, and
 β is the efficient marginal financial capacity cost per journey

Do you agree with the proposal?

Comments

As discussed above, the City supports an approach which promotes equity and accessibility, recognising the relative density and therefore availability of transit options diminishes with distance from the Sydney CBD and other employment centres.

While the City acknowledges the high cost of serving peak demand and supports the use of differential pricing to manage demand, to increase the price of peak travel to a level commensurate with the cost of peak period service provision would unfairly penalise commuters many of whom have little opportunity to shift their time of travel. It is important that, in calculating fares, IPART takes broader equity, accessibility and economic issues into consideration.

Question 5:

Which types of financial costs do you consider vary depending on the distance of the journey, and which do you consider depend more on the journey simply being made?

Comments

No comments

Question 6:

Do you agree with our proposal to estimate efficient marginal costs for the medium run and for the long run as follows:

For the medium run, including efficient costs associated with:

- Additional buses, ferries, and light rail train sets
- Wharf and station upgrades
- Upgraded and additional bus priority lanes on existing roads
- Upgraded and additional bus depots.

For the long run, including efficient medium-run capital costs plus efficient costs associated with:

- Additional ferry wharves
- New light rail tracks and stations (eg., the Sydney CBD and South East light rail)
- New heavy rail tracks and stations (eg., the Sydney Metro including the second harbour rail crossing and additional Metro lines into the future)
- Additional heavy rail train sets
- Priority bus lanes that form part of new road projects.

Comments

As construction of Sydney CBD and South East light rail project is expected to complete by 2019, it can be considered for medium-run capital costs.

Question 7:

Do you agree with our proposal to consider productivity adjustments to identifying efficient operating cost in the long run? How do you consider we should identify and estimate the appropriate productivity adjustment?

Comments

IPART should consider and allow for improvements over time.

Question 14:

Do you agree with our proposed approach for capturing longer term external costs and benefits?

Comments

The City supports IPART's proposed approach.

Question 19:

Should IPART determine individual fares or average fares?

Comments

Having undertaken to do this research into marginal costs and benefits, IPART must follow through and develop detailed fare tables accordingly. This would also reflect transitional arrangements where fares need to change substantially.