

Dr Mehreen Faruqi
Greens Member of the NSW Legislative Council



Independent Pricing and Regulatory Tribunal

28 August 2015

Dear Madam/Sir

Re: Submission to IPART Issues Paper 'Finding the Best Fare Structure for Opal'

Thank you for the opportunity to provide a submission to review and comment on the Independent Pricing and Regulatory Tribunal (IPART) Transport Issues Paper 'Finding the best fare structure for Opal – public transport fares in Sydney and surrounds'. I am making this submission in my capacity as the Greens NSW spokesperson for Transport.

The Greens welcome a review of the current pricing system for public transport fares in Sydney. With the rollout of Opal and phasing out of paper tickets, this is an opportunity to create a more user friendly, affordable system for all Sydney residents with potential to promote and increase the use of public transport across the Sydney region and surrounds. All NSW residents have the right to access public transport via an affordable, fair pricing system that seeks to be socially inclusive and maximises external benefits to the community such as easing traffic congestion and reducing pollution and carbon emissions.

The Opal fare system has brought some benefits to Sydney passengers, such as the Weekly Reward System as well as partially integrated fares that allow passengers multiple transfers for single-mode travel on a single journey. However, there are some significant issues, such as some passengers 'paying twice' when using multiple modes of transport across a journey. Moreover, the current frequency discount benefits of the Opal system can only really be realised by regular commuters, not occasional passengers.

While appreciating that wider transport policy matters are outside the scope of this review, this submission acknowledges that problems associated with the aging at-capacity network limiting supply of services and poor coverage cannot be solved by a fair pricing structure on its own. This needs to be recognised when considering the maximum fare levels and the ratio of passenger/taxpayer contributions.

Recognising that the IPART issues paper is a "preliminary analysis on fare structure to illustrate how different fare structures might affect fare levels", the following comments are provided for consideration.



1. Fare Structure

a) Fare integration between modes of transport

Our system should incorporate fare integration between different modes of transport. The current system, where a passenger can get charged multiple times for having to use multiple modes of transport across a journey, whereas a passenger able to travel the same distance on one mode only gets charged once, is far from equitable.

As it stands, the current public transport system is poorly connected, roads are congested and the suburban rail system is consistently at or near capacity. Maintaining mode specific fares to help manage capacity constrained modes may unfairly pass on these existing issues to the community. It's unreasonable to assume that maintaining mode-specific fares will encourage passengers to use other cheaper, less busy forms of transport, when choice of transport is not available to everyone in the Sydney region and surrounds.

We note that the preliminary assessment undertaken by IPART on fare integration is based on a fixed revenue outcome and indicates 'winners and losers' for a fully integrated fare system. We challenge the assumption that some fares must rise to maintain a certain level of revenue for the government whilst potentially disadvantaging many in the community is challenged. People have the right to inexpensive, efficient, accessible and safe public transport. The issues paper fairly and accurately states that "as changes are made to the public transport network a more integrated fare structure is likely to minimise the impacts on passengers in the longer term".

Recommendations:

- Move towards full fare integration for the pricing system, and partial fare integration, where passengers would not be charged multiple times for switching modes on a single journey, should be considered a potential solution for the interim.
- Increased government subsidisation to manage any price impacts of full fare integration on commuters until the required changes to the public transport network are made.

b) 'Distance from origin'

The current distance based-fare structure is not very equitable since those living further away from the CBD are often lower income earners or people who have moved further out in order to live in more affordable suburbs. In outer suburban areas, public transport options become more limited, contributing to 'transport difficulties' relating to the ability to access transport, traffic congestion and time

availability.¹ Outer suburban areas tend to be highly car dependent² as a result, which adds further pressure on the environment and livability of an area.

A distance based fare system can be difficult to understand, especially if fares vary across modes, and passengers need certainty they are being charged the correct fare. The issues paper identifies that the influence of fare structure is no longer as great, as Opal automatically charges the 'right fare'. However, the system is still complex and there are 'loopholes' which have to be 'found' to determine the cheapest fare, therefore the current system is not representative of an equitable fare structure.

The existing transport network is inadequate with limited choice for many passengers, thus setting fares to encourage more efficient use may already be restricted. The argument that encouraging passengers to use cheaper rail services over longer journeys will put upward pressure the cost of providing public transport is not a reason to reject a 'flatter' structured fare system without further investigation that includes an assessment of the social and environmental benefits.

Recommendation:

- Fully investigate a more equitable 'flatter' fare structure that will seek to reduce 'transport difficulties' to all members of the community and encourage people out of their cars and onto public transport or to make journeys they would otherwise not have been able to do.
- Fully consider the increased social and environmental benefits that will contribute significantly to the efficient use of public transport in Sydney.

c) Frequency Discounts

The Weekly Reward System (free travel after eight journeys) is a key positive point of the existing Opal system. It increases affordability, however the benefit is reduced by the current 'penalty' of paying twice for the same journey if a passenger uses different modes of transport. Although fares are capped (\$15 per day up to a maximum of \$60 per week) this means that a passenger who makes a multi-mode journey two or three times a week (part-time workers for example) attracts penalties for using multi modes and neither has access to any frequency discounts. The issues paper indicates that 'there are substantial proportions of paid trips on the weekends which, suggests that a large number of users are not receiving frequency discounts but are choosing to travel anyway', however it must be recognised that public transport is a necessity for many people and that regular but less frequent users are potentially disadvantaged as a result.

¹ Australian Institute of Family Studies, 'The relationship between transport and disadvantage in Australia' (August 2011) <https://aifs.gov.au/cfca/publications/relationship-between-transport-and-disadvantage-austr>

² Jago Dodson, 'Mitigation Adaption and Equity' [http://www.garnautreview.org.au/CA25734E0016A131/WebObj/D0848466ResponsetoIssuePaper5-JagoDodson/\\$File/D08%2048466%20Response%20to%20Issue%20Paper%205%20-%20Jago%20Dodson.pdf](http://www.garnautreview.org.au/CA25734E0016A131/WebObj/D0848466ResponsetoIssuePaper5-JagoDodson/$File/D08%2048466%20Response%20to%20Issue%20Paper%205%20-%20Jago%20Dodson.pdf)

There have been reports that the Weekly Reward System has encouraged passengers to find ways of obtaining the cheapest paid 8 journeys per week to access the most expensive ones for free.³ However, this is not the basis of a fair pricing system for public transport as these savings come as a result of where people live and not available to everyone.

Recommendation:

- Retain the Weekly Reward System but address some inequitable outcomes for regular but less frequent or occasional users to whom public transport is as much a necessity as the daily commuter.

d) Concessions

An inclusive concessions system for public transport is a vital part of an equitable fare pricing system. There is a strong relationship between transport and disadvantage¹ and for socially disadvantaged groups (such as the elderly, unemployed, asylum seekers and single parent families) the cost of travel has the potential to restrict the use of public transport and then enforce social exclusion by limiting access to community facilities. The impact is exacerbated in the outer suburbs where public transport options are often limited in the first instance.

Recommendations:

- Extend transport concessions beyond pensioners and students to low income earners by allowing approximately 100,000 Low Income Health Care Card holders not currently eligible for transport concessions and asylum seekers living in our community access to discounted fares.
- Extend the free school travel transport scheme to cover the light rail network.

2. Maximum Fare Levels

A review of existing fare levels must seek to balance social, environmental and economic objectives and ensure public transport is accessible to all. Sections of the Passenger Transport Act are identified by the issues paper (Box 1.1) as 'matters requiring consideration' for the pricing review. Part (b) states 'the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and tax payers', a goal which is supported with respect to maximum fare levels. Efficient delivery and use of a system must be based on a well-planned, frequent and comprehensive public transport network which is kept in public hands.

³ Jenni Ryall, 'Frugal Opal Card Users Beat The System for Cheaper Fares', Sydney Morning Herald (24 November 2014) <http://www.smh.com.au/nsw/frugal-opal-card-users-beat-the-system-for-cheaper-fares-20141124-11t4r0.html>

In summary, the Greens support a review of the existing Opal electronic fare system that seeks to make public transport equitable, accessible and affordable for all residents in the Sydney region and surrounds.

Thank you for the opportunity to comment and please do not hesitate to contact me for further information.

Kind Regards

Dr Mehreen Faruqi MLC
Greens NSW Transport Spokesperson