

Submission to IPART – Public Transport Fares in Sydney & Surrounds – due 5 February 2016

The original Opal card pricing model demonstrated a lack of consideration of basic tax policy principles, include neutrality, efficiency, simplicity and equity. These principles are necessary for formulating any government impost and safeguarding government revenue by making the pricing system robust.

I appreciate that IPART has sought to address these issues in their draft report and information papers. However, I would suggest that the increase in fares for long distance commuters are excessive, that the off-peak incentive is virtually ineffective for long distance commuters and that the paper has failed to address price sensitivities and price elasticity of demand vis-à-vis long distance commuters and the availability of alternative work modes which allow commuters to reduce public transport usage.

Pricing for long distance commuters

I am a Blue Mountains commuter and travel from Hazelbrook to Wynyard, 5 days per week. The trip from Hazelbrook to Central is 93.47km, then another 2+ km to Wynyard. I commence my first trip before 6 am, so currently receive the off-peak incentive for the 'up' trip, while the 'down' trip is undertaken as a peak fare.

Up until April 2014, I had a yearly MyMulti Zone 3 ticket which cost \$2444 or \$50.92 pw over 48 weeks. This was an integrated mode ticket which allowed me to catch a bus to clients, as necessary, without additional cost. Like many commuters, I dislike the lack of integration of the Opal card in that I am charged for using different modes of transport.

The IPART draft report makes the assertion in the report that the pricing is being set this way to "avoid excessive impacts on customers". However, for me - as illustrated in Table A - the increase in price of transport represents an average of 11.82% each year for 4 years. This is not just a significant impact. It is an excessive impact.

Table A

85-100km	2014/15 year	2015/16 year	2016/17 year	2017/18 year	2018/19 year		
	Integrated	Train only	All modes	All modes	All modes		
Morning (off peak) fare	5.09	5.81	5.98	6.87	7.76		
Afternoon (peak) fare	5.09	8.30	9.96	11.45	12.94		
Daily fare	10.18	14.11	15.94	18.32	20.70		
Weekly fare (10 trips)	50.92		79.68	91.60	103.52		
Weekly fare (8 trips)		56.44					
Reduction to weekly cap			-14.68	-21.60	-28.52		
	50.92	56.44	65.00	70.00	75.00		
Annual fare (48 weeks)	2444	2709.12	3120	3360	3600		
Increase in fare		265.12	410.88	240	240	1156	47.30%
Increase in fare (%)		10.85%	15.17%	7.69%	7.14%	Average	11.82%
Daily cap		15	18	19	20		

Off peak incentives

The current report claims that the off peak incentive exists to encourage commuters to travel during off peak times and use "spare capacity" on the network. However, for commuters travelling over 85 km to work (see Table B):

- Travelling on one peak and one off peak trip per day x 5 days per week will still cost more than the weekly cap in the next 3 years; and
- By 2018/19, the benefit of attempting to do two off peak trips will be negated by the daily fare exceeding the weekly cap; but
- For many long distance commuters, it is not physically possible to complete a full day's work and take advantage of the off peak incentive for two trips per day; so
- The off peak cap essentially provides no incentive for long distance commuters to utilise off peak services.
- Additionally, the off peak train that I catch in the morning is a four car train which is full before it leaves the mountains and people are standing by the time we get to Penrith. On three occasions in the last 12 months, it has been terminated at Penrith and we have had to catch suburban trains to city - because there were no other trains available to maintain the service on the mountain line.

Table B:

85-100km	2015/16 year	2016/17 year	2017/18 year	2018/19 year
	Train only	All modes	All modes	All modes
Morning (off peak) fare	5.81	5.98	6.87	7.76
Afternoon (peak) fare	8.30	9.96	11.45	12.94
Daily fare	14.11	15.94	18.32	20.70
Weekly fare	56.44	79.68	91.60	103.52

Price of 2 off peak trips	11.62	11.95	13.74	15.53
Weekly fare	46.48	59.76	68.70	77.64

Price of 2 peak trips	16.60	19.92	22.90	25.88
Weekly fare	66.40	99.60	114.50	129.40

Weekly cap	60.00	65.00	70.00	75.00
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Sensitivities and price elasticity of demand

I appreciate the work that has been done to model the various aspects of the transport revenue and costing formula. However, it is assumed that people will not change their behaviour in response to fare hikes.

As a long distance commuter, I have no transport alternatives. Either I catch the train – or I don't (physically) go into the office to work. I can't walk to work and I'm not game to risk my life on a pushbike on the M4 freeway in peak hour traffic.

At present, we do not have access to ADSL2 internet, let alone the NBN rollout. However, the availability of high speed internet will ensure that I work from home more often. One of my fellow commuters works from home on 2 out of 5 days. The report fails to factor in the availability of telecommuting, as an alternative to rail transport. The proposed pricing model ensures that, while there is no benefit in working from home for a day a week, there are cost savings when I work from home for two days or more per week.

Thank you for your time.