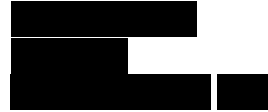


The Independent Pricing and
Regulatory Tribunal
Level 15, 2-24 Rawson Place
SYDNEY NSW 2000



5 February 2016

Re: More efficient, more integrated Opal fares

Dear Sir/Madam,

I wish to comment on the proposed changes to public transport fares across Sydney. This is an issue I feel very strongly about, not least as a commuter myself. I believe this to be an area that has important implications for equality and social justice and one that should be protected. As such I have commented on selected portions of your draft consultation paper below.

2.5 – Fares for longer distance journeys should increase relative to fares for shorter distance journeys

Your focus on the proportion of customers affected does not take into account the socio-economic background of people living in outer suburbs. Many of these people live this far from the city because that's all they can afford. I doubt making transport more expensive will assist with unemployment in such locations.

Regardless of socio-economic background the philosophical basis for the proposal to increase longer distance fares clearly relies upon the 'user pays' principle. I reject this principle when it comes to public transport, or indeed any other vital service. People in isolated parts of rural Australia are not expected to pay more for their electricity despite being a small proportion of the population, so why should public transport users on the Sydney transport network be penalised on a similar basis? Public transport is a service and should never have to make a profit, hence why we pay taxes for it. We all accept that the general benefit to society outweighs the tax burden – including intangible benefits such as reduced congestion and improved air quality. Public transport is clearly the most socially responsible of transport options and should be encouraged as such.

It would be more efficient for customers to pay for [journeys after the currently free eight] because the same number of journeys would be made, but the subsidy (provided by the Government to cover the cost of the free travel) could be lower because customers are willing to pay for them.

This argument seems to be that we should charge people because they will be forced to accept it i.e. they are a captive market. This is about as weak an argument as you may wish to find in a supposedly professional report. As I said above, I don't think the government should be reducing any subsidies for public transport – these should in fact be increasing to encourage the numerous social benefits that public transport confers on society.

Second, the current frequency discount creates perverse incentives for customers to make unnecessary short journeys early in the week to qualify for free travel. They can then make their necessary longer (and more costly to provide) journeys for free for the rest of the week.

I fail to see a problem here. This does not seem to be in any way linked to efficiency or any real problem affecting the provision of public transport in NSW. If this is a real problem that we are not aware of please show us real Opal-derived data showing that this presents a serious problem worthy of fixing.

Third, the current arrangements remove the price signals about the different costs of peak and off-peak rail travel once eight journeys have been made or the weekly cap has been reached.

You yourself state later on that only 40% of passengers make more than eight journeys a week – is the small subset of this 40% that change their time of travel on Fridays really a big issue? Please show us real data (derived from Opal records) that shows Fridays to have significantly higher peak flows of passengers for this reason. Otherwise I reject this as pure speculation to support a preconceived idea or agenda.

Our draft decision is to replace the current arrangements with a weekly travel credit scheme that incorporates both a frequency discount and weekly cap.

This proposal appears to be the most unnecessarily complicated method of increasing fares that you could possibly conceive. If you want to raise fares then please respect the public enough to do it straight up, rather than trying to hide it behind some complex economic smokescreen.

The requirement to have additional funds on your Opal card just for some to be refunded at the end of the week is highly overcomplicated and lacks immediate transparency. At least with the current situation you can see actual the cost of your journey every time you tap off. This proposal is in stark contrast to your assessment criteria number 5.

In addition, because customers would pay for all their journeys as they make them (and get a credit at the end of the week if they qualify), the peak and off-peak price signals would still exist for all rail journeys throughout the week.

This is most incredulous. The reason price signals work so well is because they join the behaviour and the price **immediately**, rather than in some distant future. This statement only further betrays IPART's preconceived agenda on this issue.

The scheme would also be fairer than the current arrangements because the additional revenue from reducing the number of free journeys would allow most single fares to be reduced by around 8% without causing farebox revenue to decline. This would mean that infrequent travellers and part-time workers benefit from cheaper fares.

So now IPART does seem care about the cost of fares for a small percentage of the population. Where's the consistency here? It's ok to slug full time workers who live in the outer suburbs, but it's 'fairer' to **reduce** single fares for a small number of ad hoc users.

2.6.2 – Various complicated methods to mitigate your proposed price increases

So IPART is suggesting that fares increase presumably because public transport faces a funding shortfall, however in the next breath you propose methods for individuals to avoid paying more. How does that work? How about you leave the fares untouched in the first place? Or at worst you could hold off-peak fares steady while peak fares rise with inflation. Surely this is so much easier than your complicated and opaque proposals?

Because of increasing single fares for longer distance bus journeys, the impacts of the weekly travel credit scheme would be higher for bus customers who travel longer distances.

Please see my above comments about the socio-economic inequity of such a proposal. I would wager that buses are also a more important part of the overall travel mix for poorer people, meaning they are disproportionately penalised under your proposal.

2.7 Daily caps should continue to apply but should be increased

Again, this clearly penalises people based on geography. People who occupy the most valuable real estate (in Sydney's inner suburbs) are seemingly still deserving of subsidy, but not those in poorer outer neighbourhoods.

On weekends, we found that the current very low Sunday cap appears to have stimulated substantial additional public transport use on Sundays, particularly on ferries. This additional ferry use is driving up the costs of delivering ferry services. This suggests the current Sunday cap is lower than is efficient and should be raised.

The previous section of your report went to great lengths to suggest ways people could mitigate financial impacts, including shifting travel to off peak periods. Now you suggest that when people do this it is then considered 'inefficient' and therefore justifies a fare increase! This is a straight out contradiction that openly betrays either outright ignorance or the surreptitious implementation of a preconceived agenda.

In addition, we consider that peak time crowding already works as an effective disincentive for Gold Opal users to make their discretionary travel in the peak. Many of the remaining peak trips on the Gold Opal cannot be shifted to other times, because they are going to or from child care/school/medical appointments, rather than recreational activities.

So the disincentives for pensioners to shift their travel are worthy and should be respected, but not for full time workers? Another glaring and inexcusable inconsistency.

Means testing access to the Gold Opal card would more tightly target the deep discounts it provides to those for whom the cost of travel is a real barrier.

So another level of bureaucracy is added in the name of 'efficiency'. Wouldn't the cost of administering this outweigh the benefits?

Draft Decision 11 The premium on paper tickets should be 40%, rounded to the nearest 10 cents.

While there will always be a need for a 'ticket of last resort' for infrequent travellers or customers who have lost or forgotten their Opal card, these tickets should be priced at a level that encourages Opal card use.

This measure I do agree with. However how about allowing people to use their debit cards on the Opal system? This happens seemingly without issue in London. This would further reduce the need for Opal cards themselves as most people are rarely without their debit cards. This could be further extended to cardless payment using mobile phones, another item most people rarely leave home without.

3.3 Socially optimal fares

The issue of congestion and transport choice is one so nuanced and individualised I challenge that this is even possible to adapt into a mathematical/economic model. The results would be general at best. This is not assisted by the fact that your input data was, by your own admission, based on a large number of assumptions and in certain cases clearly inadequate e.g. lack of data on bus and ferry net social infrastructure costs. Added to this is that certain elements such as light rail were

deemed commercial in confidence, meaning your model can never be fully peer reviewed, forcing us to trust your outcomes (which I clearly don't!)

You claim that certain existing long distance fares are substantially lower than what you claim to be socially optimal fares. Again, I repeat that this is a feature of the system rather than a bug. People in the outer suburbs of the public transport system *should* be subsidised. This is why we pay taxes – to give all of NSW as equal a footing as we can. On this basis I categorically reject that the reduction of such services are in any way a net welfare gain for NSW in general.

...to transition to the socially optimal bus fares, fares for short distance journeys should decrease and fares for longer distance journeys should increase.

However, we made a draft decision to increase fares for short distance journeys (less than 8 km) slightly to prevent a decline in cost recovery.

Please explain how the above statement is in any way consistent with your assessment criteria below?

- *encourage the efficient use of public transport*
- *encourage greater use of public transport*
- *minimise impacts on customers*
- *[fares should be] logical, predictable and stable over time*

It seems that the economic criteria “*increase farebox revenue or cost recovery*” has once again trumped all four of the above socially oriented criteria. Once again this betrays the use of the above social criteria as mere decoys to your real agenda of merely increasing fares.

While we could introduce different peak periods for ferry services, we consider this is undesirable as it would add complexity of the fare structure.

Why would this stop you? It hasn't inhibited your overly complex 10 journeys rebate proposal.

TfNSW is required to set fares that do not exceed IPART's maximum fare schedule. It could make changes to fares and fare structure during the determination period by setting fares lower than our determined fares. However, this would result in the Government forgoing farebox revenue, and taxpayers paying a greater proportion of the financial costs of public transport.

It is clear that as soon as IPART formally approves it, TfNSW will increase fares to their maximum. The fact that IPART have set fares, apparently independently (a claim betrayed by the Minister's directions in Box 3.2), then quarantines the government from the political risk of doing it directly themselves. I am surprised IPART don't object to being used as the government's bearer of bad news in this regard.

The claims littered throughout this document are hardly fitting of a supposedly professional public department. They are weak and insincere at best. The attitude presented in this document suggests that IPART is working to a preconceived agenda which either seeks to fly price increases under the radar or force them through with technical obfuscation.

While I agree with fixing seemingly glaring errors and inconsistencies that result in people being charged disproportionately more in public transport fares, I do not accept the whole sale increase of fare in the name of 'efficiency'. Should you wish to discuss efficiency I suggest you instead direct

your attention to the egregious level of spending on roads in NSW, which rarely if ever seem to be the subject of such apparently sincere and focused examinations of efficiency.

Yours sincerely,

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