

The Chairman and Members
Independent Pricing and Regulatory Authority
SYDNEY

Submission -

IPART Draft Report: More efficient, more integrated Opal fares, December 2015

I refer to the proposed removal of Seniors Card holders from the Gold Opal category, and their transfer to the Concession Opal category of fares.

I oppose the category change.

I acknowledge that I hold a Gold Opal card in my capacity as a Seniors Cardholder.

If adopted, the change would increase the daily cap for Seniors Cardholders from \$2.50 every day to \$9.00 weekdays, \$5.40 weekends.

Some increase in the present \$2.50 Gold Opal daily cap is warranted. Taking account of the 30% average fare increase that IPART reports has occurred since its 1 January 2005 introduction, the IPART updated Gold Opal daily cap of \$3.60 for 2016-2017 seems defensible. But for non-pensioner seniors, the move from the present Gold Opal \$2.50 daily cap to the \$9.00/\$5.40 Concession daily cap structure proposed by IPART would be a very high proportionate increase in its own right, and disproportionately severe in comparison with the treatment of all other public transport users.

Unless it is based on some (unrecorded) premise that Gold Opal seniors do not often reach the cap, I cannot think that its effect was fully recognised in the observation (at p. 6 of the draft report) that:

Around 10% of single-mode customers would face cost increases that are greater than 20%.

The daily cap is particularly relevant to seniors, since it provides a ceiling for travel outlay when using public transport for the extended journeys and multiple journeys that become an increasingly essential part of life as one ages. The security of the cap is relevant and important whether seniors' incomes are derived from a full or part-Commonwealth pension of some kind, or from an annuity or other non-government income stream.

The common perception that self-funded retirees are relatively wealthy in comparison with pensioners and recipients of NSW War Widows and Widower concessions seems to underlie the proposal to remove Seniors Cardholders from the Gold Opal category. But the proposed differential in fares and daily caps between holders of Concession Opal and the remnant Gold Opal card categories is large, and its justification in current economic terms is obscure. The differential is unsupported by evidence; I doubt that it is justified in the current long-standing and current circumstances relating to superannuation fund returns and interest rate levels pertaining to liquid investments, or generally.

In any event, comparative income levels are largely irrelevant. The reality in day-to-day terms is that the important needs of elderly people for transport of some kind – private or public - do not depend on their pensioner status or income source, but on their age, and they enlarge with increasing age.

The older rich and the older poor alike need transport more - and more often - as they age. The recognition of that need appeared to lie behind the present Seniors Opal Gold card arrangements.

Removal of seniors from Gold Opal benefits to the lesser Concession Opal category would not and could not change that commonality of need – it would merely create a second – and lower - class of old people as users of public transport. I see no social or economic gain in that action.

A less draconian and less divisive approach would be to retain the Seniors Cardholders in the Gold Opal card, but to raise the qualifying age for the Seniors Card. That would have some consonance with the realities of current retirement age trends, and enable the retention of the Gold Opal administrative framework and user acceptance that has already been established. I think it is worth serious consideration.

An alternative approach for New South Wales might lie in the Commonwealth Seniors Health Card arrangements for non-pensioners, which recognise the financial and economic realities of self-funded retirement while employing a means test which effectively excludes the genuinely wealthy from its benefits.

There is a need for more consideration of the likely *response* of Seniors Cardholders facing the very large jump in the daily cap that IPART proposes. I do not think the response would or could just be neutral; the increase is too large, and the purposes of seniors' travel are too basic for passive acceptance of the proposal to be expected.

I have found no relevant detailed data about seniors' anticipated demand responses to the proposed change, but it seems likely that if indeed they are as (relatively) wealthy as might be inferred from the IPART proposal, some seniors may well choose to reduce their use of public transport and increase their privately-provided travel, especially for longer journeys when the fares for the day will approach or reach the level of the (higher) daily cap.

My concern is supported by the finding of the Roy Morgan Research *Sydney Public Transport User Survey 2015* cited at page 90 in the draft Report:

- *Almost 70% of public transport users think the \$2.50 cap for Gold Opal/PET should remain.*
- *Responding to a scenario of a \$5 daily cap for Gold Opal cards when used in peak hour and \$2.50 cap when only used off-peak, Gold Opal card users said:*
 - *50% - they would not change their travel patterns,*
 - *Over 25% - they would change when they travelled.*

Recognising the peak hour travel context of that response, it still suggests that the much higher \$9.00/\$5.40 daily cap that would be applicable to non-pensioner Seniors Cardholders under the IPART proposal must surely evoke a response by seniors intended to minimise or divert their public transport travel.

To the extent that IPART's recommendation for change may be expected to act as a disincentive to the use of public transport among elderly people, it might reasonably be characterised as:-

- *either* an effective encouragement for more elderly people to use private transport, including cars, more frequently, with attendant adverse implications for road safety, environmental impacts, and urban congestion among other matters;
- *or* a strong motive for elderly people to avoid travel as much as they can.

There are clear environmental, social, and urban structural issues arising from that scenario, all of them adverse. For present purposes, I note that the diversionary effect would be directly inimical to

