

Opal Submission

Thanks for the opportunity to comment and for your desire to maximise societal gains by appropriate pricing.

1. **Congestion benefits:** Can you please confirm that congestion benefits for ferry travel are calculated for alternative road distances which are typically a multiple of the straight line ferry distance e.g. the road alternative to the Stockton ferry is several times longer than the straight line distance and likewise for Manly and Inner Harbour ferries. Also, do the congestion costs reflect the fact that ferry services are reducing travel on Spit and Military Roads, the most congested road corridor in Sydney [NSW Long Term Transport Master Plan].
2. **Manly Ferry:** Your data suggest that the Manly Ferry service is highly overpriced under your proposals of fares of \$6.36 rising to \$7.85, given that private ferry services cost \$5 to \$6.80 [CIE Report, p77] and allowing for stated external benefits (which are probably conservative given point 1 above) of \$0.90 to \$2.14 [Information Paper, p5], the optimum social price should be \$2.86 to \$5.90.

According to the CIE Report [p74], operating costs for the Manly Ferry per passenger are the lowest of any ferry service, so the fares should reflect this, rather than cross subsidising and distorting efficient use of resources. Applying the standard per journey/ per km cost approach is not appropriate for a mode where per km costs differ substantially across the mode due to the provision of the service by different vehicles.

In addition, ferries already have the highest cost recovery of any mode, so the pricing is again distorting the efficient use of resources.

It is suggested that a more appropriate ferry fare structure would be:

| Distance | Peak fare |
|----------|-----------|
| 0- 10km | \$4 |
| 10-15km | \$6 |
| 15-20km | \$8 |

3. **Weekend Travel:** Load limits are only being reached on Parramatta and Eastern Suburbs ferry services on weekends, not on other services [Information Paper 4]. This is only two services in several ferry services and hundreds of bus and train services, so it should not be given undue weight. In any case, the government has already announced it is purchasing new ferries to meet this demand, so the capacity limit will not be reached in the medium term. It is also misleading to suggest weekend ferry services are reaching capacity limits when less ferries are being utilised at these times than during the weekday peaks. Given this, the \$2.50 cap on Sundays should be maintained and extended to Saturdays, and in addition the existing frequency discount (free trips after first 8) should be maintained.

4. **Allocation of bus costs between journey and per km:** Many costs attributed per km should be at least partly attributed per journey e.g. vehicle costs, including fleet costs and labour costs. This is because it takes many more buses and drivers to do two five kilometre routes than one ten kilometre routes due to slower travel speeds on shorter trips due to more frequent stops and greater congestion, which both also lead to reduced fuel economy on shorter trips.
5. **Extension of Social Costing:** The social costing approach could be extended to particular routes rather than just modes. For example, is the congestion benefit for northern peninsula buses to the city higher than average, due to Spit and Military Roads being the most congested road corridor in Sydney [NSW Long Term Transport Master Plan].
6. **Multi-mode journeys:** Optimal social pricing suggests that multi-mode journeys should reflect the additional costs of transferring between different services. This should certainly apply for transfers from bus to train at suburban locations, as without this, there is no financial incentive to locate housing near stations.