NSW Public Transport Fares

Introduction

The IPART December 2015 Draft Report recommends a set of more efficient and more integrated Opal fares. A sustainable outcome has been achieved, compared with the existing fare scales, by using a modified reward arrangement with "travel credits" (and some other changes) to offset the revenue impact of introducing fare integration between modes. The Report provides a credible pathway through a minefield of competing interests.

A consideration of efficient pricing has retained different fare scales for each mode, including an off-peak scale only for rail, and introduced a set of integrated fare scales for four multi-mode combinations to cover all possible usages. All fares are applied to a charge distance: the longest straight line distance between any tap-on point and any tap-off point.

Comments on the proposed integrated fare scales and travel credits are provided below.

Integrated Fares

The four multi-mode Draft Adult Opal fares are presented at Table 2.1 of the Draft Report for three successive one year periods. The name and apparent derivation of each multi-mode combination is listed below:

Multi-mode combination	**Apparent derivation**
Peak rail + one or more of bus/light rail/Stockton Ferry	The greater of peak rail and bus
Off-peak rail + one or more of bus/light rail/Stockton Ferry	The lesser of off-peak rail and bus
Sydney Ferry + one or more other modes	The greater of Sydney Ferry and peak rail
Bus + one or more of light rail/Stockton Ferry	The same as bus

There is also an overall principle that customers should at least pay for the most expensive component fare. However, it is clear that this principle would already be met by all single-mode fares, and all multi-mode fares that are the greater of its single-mode elements. This leaves the [Off-peak rail +] multi-mode fare scale as a special case where Table 2.1 shows the minimum only. This can then be subject to an upward adjustment depending on specific modes and distances used for the journey.

The overall principle is also reflected in the definition of charge distance to which all fare scales are applied.

It could also be necessary to choose when the off-peak multi-mode fare applies for more complex journeys. At present, a journey with a rail + bus + rail element can have one peak and one off-peak rail trip, but the new scales do not allow for this possibility. Basing the choice on the time of the first rail trip would be consistent with that already made under a rail + rail element (where there is an intermediate rail tap-off + tap-on).

Perhaps it would be useful for IPART to note that the [Off-peak rail +] multi-mode fare scale is a special case, being the only one showing a minimum value subject to adjustment by the overall principle, and being applicable when the first rail trip is off-peak. There could also be a need to clarify how the component (from the overall principle) is identified, as there is a potential for ambiguity with three or more trips.

Travel Credit

The concept of a travel credit has been introduced to enable an end-of-week selection of the 10 most expensive journeys, rather than the first eight journeys as at present, to act as the threshold for free travel. The weekly cap has also been restructured to be an end-of-week refund paid through the travel credit arrangements. The concept thus requires a float to be carried by each user, and IPART has requested feedback on this issue.

It is not clear that such a float is necessary. It seems reasonable to suggest that a list of the 10 most expensive journeys in any week could be compiled progressively, with less expensive journeys dropping away as more expensive ones replace them, to avoid the need for an end-of-week travel credit. After the 10^{th} journey has been compiled, the cost elements of a subsequent journey would be displayed but not deducted from the credit balance until the cost of the lowest of the compiled 10 was exceeded, and that journey has been deleted. If at any time the weekly cap is reached the list would be frozen and free travel (except for airport journeys) would then apply, with price signals no longer being relevant.

Note that the definition of charge distance ensures that the travel cost can only increase as a journey progresses, and that negative adjustments will no longer occur. This simplifies the application of caps in that the possibility of reaching the cap and then falling back is avoided.

The daily cap feed-through also needs to be addressed. At present this limit is (presumably) applied to the journey that reaches the cap, effectively reducing the cost of that journey alone. This is fine if the first eight journeys are used for the rewards threshold, but may not be appropriate if the 10 most expensive journeys are to be used instead. Alternatives for the daily cap include deducting from all journeys on that day in proportion to the value of each after the cap is reached, or from the least expensive journey on that day.

Under such an arrangement, the customer would see his current journey fare payments continue, perhaps at a reduced amount, while his credit balance would freeze due to progressive deduction(s) from the previous journey(s) on that day.

In summary, it appears logically possible to accommodate both caps and the reward after the 10 most expensive journeys without resort to any additional float.