

## **IPART Opal Fare submission**

### **Opening comment**

The request from the Government to determine fares and travel characteristics for OPAL is a golden opportunity for IPART to totally revolutionise the fares for public transport in NSW. This opportunity should not be missed.

Whilst the OPAL card is a new addition and the focus of this review it is very important to note that there are a number of other very important initiatives and technological advances that are very essential to consider.

These initiatives and technologies include:-

1. On board computer monitoring of bus and train operating characteristics.
2. The introduction of the Bureau of Transport Statistics.
3. The capability of real time data and patronage statistics.
4. Video surveillance.
5. GPS technology including guidance and surveillance.
6. The 131500 trip planner.
7. The fare calculator
8. Computer installations and specialist software.
9. Greater capability and specialisation of staff.
10. The benefits of restructuring of the various transport agencies
11. The issue of buses to organisations holding operational contracts.
12. The wide spread use of Smartphones
13. The relative ease of creating specialised Apps that can be used to inform, guide, and assist passengers in best using public transport to meet their needs
14. The banking improvements that allow funds transfer etc remotely

It is in my opinion imperative that IPART harnesses these massive changes and makes a determination based on maximising the advancements. The determination also needs to be capable of adapting to further advances in technology.

It is also a golden opportunity for IPART to adopt a new model of setting fares. The past model has become extremely clouded as it confuses the need for fares to generate operational revenue and the political decisions related to subsidising public transport.

I believe that IPART should set fares that are:-

1. 100% cost recovery for the cost of providing the services.
2. That there should only be one fare value for all OPAL travel
3. The common fare should be paid by all passengers and if the government wishes to underwrite a fare for social, distance or other reasons then a refund should be provided to the ticket purchaser.
4. All fare revenue should be paid directly to the service provider.

In other words the fare should be the capital cost plus the operating cost divided by the target patronage. The operator would profit by cost cutting and extra passengers. If there is a shortfall then the operator would have to fund the shortfall.

EG	Capital cost of bus \$410,000 or over 10years	= \$112 per day
	Operating cost of bus	= \$2200 per day
	Total Cost	= \$2312 per day

With a bus patronage of 650 per day the fare would be = \$3.55 per trip

If the government wanted to cap the pensioner fare to say \$2.50 per day the government would rebate the four trip pensioner ( $\$3.55 \times 4 - \$2.50$ ) \$11.70. This rebate would be applied as a credit to the pensioners Opal Card account automatically. This rebate arrangement would also apply to other groups such as for long distance travellers, frequent users, off peak travel etc. The types of rebates would be determined by Government policy.

Gone would be the issue of IPART setting fares and the government undercutting.

Currently passengers don't pay for any of the capital costs and on average only pay for around a third of operating costs. Yet in spite of the subsidy, public transport only accounts for around 10% of all motorised trips.

The cost of the subsidy is currently not transparent however if the government operated a rebate scheme it would be.

Alternatively the OPAL fare could be zero with the government picking up the total tab and gaining the revenue from taxes. It would still be an offence for not using an OPAL card as the data collection is very important.

The fares for trains, ferries, school transport and all modes of public transport would be similarly calculated with one overall fare being set.

Please note the figures used above are only for example purposes and would be probably in the \$5 to \$10 range when based on accurate figures.

Ideally there would be one fare for every mode of transport and the OPAL card issued would reflect the passenger group eg pensioner.

I feel IPART needs to review the operation of the OPAL card. Some issues include:-

1. Fare evasion with OPAL card use.
2. Why Smartphones cannot be used to communicate with OPAL readers.
3. Why bus drivers need to “play with the buttons” on bus card readers.
4. Why the OPAL card patronage is not being reported in the transport statistics.
5. The error / failure rate of OPAL card readers.

### **Other Issues for consideration**

Prior to addressing IPART’s specific questions may I raise in a random order a number of relevant key issues.

#### 1. Statistics

A core reason for introducing the OPAL card was to activate a method of collecting transport statistics to guide community and transport planning. As I understand these statistic were to be published on a regular and up to date basis by the Bureau of Transport Statistics. To date very little information is available.

Any action taken by IPART must not interrupt the collection and publication of up to date statistics.

Journeys that require multi mode or interchange will therefore require the collection and recording of data for each segment as well as the start and end of the entire journey

Every journey and segment on public transport in the OPAL region must be recorded for the purpose of accurate statistics and quality calculations.

Any revenue collected or refunded by an OPAL transactions must be reported as transport revenue.

## 2. Stockton Ferry

Some of the public transport provisions provide other benefits to the community. The Stockton Ferry is one such example as it functions as a “floating footpath”. The ferry provides a means of crossing the harbour without the government having to provide a bridge or subway

This does not preclude IPART from setting an OPAL fare for Ferry travel. Alternatively it could rule that the Stockton ferry is a “private Ferry”.

## 3. Fare free buses

There are a number of bus services that are operated as free buses. These services should require the use of an OPAL card when making a journey and the fare would be a 100% rebate.

## 4. Train replacement Buses

When buses replace trains (or similar substitutes) the replacement journey needs to be recorded as an OPAL journey. This would make the alternate arrangements accountable.

## 5. Journey definition

A journey should be recorded by OPAL from the first time a passenger boards the public transport to the exit from the last item of public transport. Choice of routes and number of interchanges could make the fare from point A to point X non uniform. If the journey is broken then it is a multi journey and additional OPAL fares should be applied.

Responses to the IPART Issues.

### **1. Do you agree with the proposed assessment criteria for the review?**

IPART proposes to use the following criteria to assess our selected options for fare structure and fare levels:  encourages the efficient use of public transport  promotes the efficient delivery of public transport  encourages greater use of public transport  minimises impacts on passengers  is logical, predictable and stable over time, and  increases farebox revenue or cost recovery.

I believe that setting one overall OPAL fare and for the government to implement a structure of rebates ticks all the boxes.

**2. *Opal provides an integrated ticket but still charges different fares for different modes of transport. Do you see value in also making fares more integrated?***

The ticket should be fully integrated if public transport is to be competitive with other forms of people transport (taxi, cars and community transport)

It must be recognised that the person undertaking the travel is making a journey from their start point to their destination point.

Public transport needs to be capable of meeting the needs of the journey maker in an efficient and effective manner. If the journey is to be simple then the transport modes need to be integrated

**3. *There are many different options for increasing fare integration. They range from further integration for multi-leg journeys, which retains mode-specific fares but puts measures in place to remove penalties for switching modes, to full integration where fares do not differ by mode of transport, or by the number of trips made in each journey. Which of these options do you support and why?***

It is up to the Government to determine the mode of transport to be provided, the sectors and the location of stops. Their provision must match the requirements of the traveller, the obligations to provide public transport and the policies of the Government of the day. At the end of the day the voters will have the final say.

IPART can defuse the issue by setting OPAL fares that are based on a single fee for the traveller's total journey.

**4. *If you support full fare integration, would you continue to support it if it meant that fares for some journeys, in particular, single mode journeys made in the peak had to rise? Why or why not?***

No. Fares should apply for all day every day all year. This includes weekends and public holidays.

Peak hour travel for most services only applies in one direction. Eg Smith St to Parramatta CBD for a journey to work. The outbound service from Parramatta CBD to Smith St at 8am would most likely be close to empty. Having a peak fare for an empty bus would seem to be counter productive.

It would also be very unfair given that work start and finish times are no longer uniform.

### **5, *How should fares vary by distance travelled***

There should only be one OPAL fare per journey and distance should not be a factor. The fixed costs of a journey do not change.

As pointed out in the opening comments the rebate for longer journeys would be a decision for government

### **6. *How should fares vary by the time of travel?***

There should only be one OPAL fare per journey and time should not be a factor. The fixed costs of a journey do not change.

As pointed out in the opening comments the rebate for journeys of longer duration would be a decision for government.

### **7. *Most Cities have a flat fare. Would you support this?***

A flat fare for all journeys in the OPAL zone is essential for a modern transport system that is to utilise the modern technologies. Rebates as a result of government policy should play no part in the IPART determination.

### **8. *We consider that there is value in discounting fares in off-peak periods. Currently this is done only on the rail network. Do you think that an off-peak discount should apply to other modes as well? Would you support this even if it means that peak fares for these modes need to rise?***

There should be no discounted fares for any reason on any form of Public Transport covered by this determination investigation.

The cost of operating a car is not changed by the time of day or day of the week. The cost of operation of a train is basically unchanged by the time or day on which the train operates.

Late night services on a public holiday obviously cost far more to run and I would be sure that IPART would not consider applying a surcharge.

If IPART is to consider the need for the public transport passengers to contribute a reasonable proportion of cost recovery to the operators then the discounting of fares should not be tolerated.

If the operators are prepared to promote discounting then the costs of operation must be overstate.

Discounting fares on one hand must be offset by higher fares on the other hand. Government subsidies are a policy issue for the government of the day.

A range of fares for different community groups is clearly discrimination.

**9. Currently peak fares for trains apply between the hours of 7 am and 9 am (6 am to 8 am for NSW Train Link services) and between 4 pm and 6.30 pm, Monday to Friday with off-peak fares applying for trips where tap on occurs outside these hours. Should the definition of 'peak' times be longer or shorter? Are these times also the peak times for buses, ferries and light rail services?**

The statement above demonstrates just how confusing the situation is. The statement fails to point out a huge number of anomalies. eg

- A journey from Dulwich Hill to Newcastle where the journey from Dulwich Hill may start at 8:55 and not conclude until 11:55
- Where the transport mode is running late or otherwise delayed
- Where the only reasonable service operates at peak times
- Where an express service is in peak times
- Where work hours do not coincide.
- For sport or event buses
- For journeys that are in the opposite direction to the peak flow.
- For school services

**10. Do you see value in having peak fares apply only in one direction or being replaced with a peak surcharge for journeys that enter the CBD in the morning and exit the CBD in the evening?**

There should only be one fare for all OPAL travel no matter what time, day, direction or other factor.

The airport rail line has an access charge that is stand alone. That too should also be removed.

Integrated ticketing is also a method used to encourage public transport travel to events etc. Integrated ticketing presumably has the fare for the travel provided by the promoter and presumably that payment is the same as the fare that would normally be paid. If not it should be and IPART should make that clear in its determination. Surcharges, subsidies and or discounts are an issue that should not be covered by the OPAL arrangements.

**11. Would you support fares being more expensive in the peak and cheaper in the off-peak? If they were, would you be more likely to change your travel patterns earlier or later to avoid the higher fares? Why or why not?**

I do not support a range of fees. There should be one charge only for every journey no matter what the time or distance is.

Fares are unlikely to impact on the time of travel as there is a full gambit of factors that are used by the traveller to influence their travel time.

**12. Do you receive any benefit from the current weekly and daily caps? Do you receive any benefit from the weekly travel reward? How fair do you think the current discounts are?**

Yes I do gain a benefit however I strongly believe that the current caps and travel rewards are a great waste and are in fact counterproductive.

The caps and free journeys raise the operation cost of the public transport system and in a number of cases create journeys that would not otherwise be taken.

Caps and travel rewards are funded by either the taxpayers, other travellers or both. This is unreasonable.

Generating public transport by fare free travel options can artificially generate a demand that is not naturally presented. This cannot be good for transport planning.

**13. Does the weekly travel reward (free trips after you pay for the first eight journeys) encourage you to use more public transport than you would otherwise? Are you more likely to make shorter bus or light rail journeys early in the week in order to access the discount sooner?**

There is no doubt some people do make extra travel. As far as I know there are no OPAL statistics that show the extent of this extra travel or its cost.

Similarly there is no evidence that the “free” travel would not be undertaken if a fare applied.

**14. Would you support discounted fares on more services (eg, a \$2.50 daily cap for rail, bus and light rail travel on Saturdays and Sundays) if that meant that you were unable to use free trips during peak times?**

There should one fare for all circumstances to cover all journeys. Promotional rebates are a matter for government policy and should not form part of the IPART fare determination.

**15. Around 200,000 public transport trips are made on pensioner concession tickets every day (eg, Opal Gold). Passengers who travel on these tickets**



***currently have no incentive to travel outside the peak when services are not as crowded. Do you support a higher peak travel charge for these products? If so, should this be combined with cheaper fares in off-peak times?***

There should be no pensioner or concession tickets at all.

Every traveller should pay the same fare just as they pay the same price for mobile phone calls, groceries and beer.

If there is a political or social reason for pensioner and other less fortunate to buy a lower fare then that should be handled at a distance from OPAL.

This issue should not be part of the IPART determination.

### **Final Comments**

- Never before has IPART had the opportunity to revolutionise the fare structure of NSW Public Transport. It would be remiss of IPART not to take up this challenge.
- IPART must reinstate the motivation of public transport operators to provide better services. The financial incentives to operators must be restored and operators must be rewarded for doing a good job.
- Public Transport must be given the tools to raise the proportion of journeys provided by public transport.
- The era of “stretch limos” for very low passenger numbers is now over and appropriate size buses are a must.
- The Government has major social obligations to ensure that the needs of the community are met.
- The Government has major financial obligations to ensure that State funds are used efficiently and effectively.
- IPART has a responsibility to ensure that the community is treated fairly by the monopoly transport sector. The OPAL card is a real opportunity to reduce the monopoly powers by letting the operators manage their own businesses.

When IPART holds its public hearing I request to be part of the main table.

Thank you for the opportunity to make a submission and please feel free to ask questions.

Rick Banyard