

Author name: R. Lutherborrow

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Submission:

When announcing his new Ministerial make up, the new Prime Minister, Mr Turnbull articulated a new "Minister for Cities". He specifically honed in on "Transit" and "Integration". Being from Sydney (and a PT user), there is no doubt he had Sydney in his sights, and, for good reason. Sydney went to smartcard tender around 1998, and it has taken nearly 20 painful years, for the word "Integration" to come seriously into the IPART conversation. Like most others, (but unlike IPART hitherto), Mr Turnbull "gets it". The IPART surveys, as published, reveal that the majority of PT customers are multi-modal users (no surprise) and that they support integration.

There are two problems with the IPART material. The first is that by (seemingly), following Ministerial guidance, it is seeking to develop PT policy in reverse; (back the front). That is, to look at modelling and assessment criteria; then to try to fashion a way forward .NO. The one and only way is to determine what your PT objectives are; then to fashion a solution to fit. (I will return to this point).

The second is that IPART is part of the problem and not the solution. Transport NSW proclaims that it is "responsible for policy", when clearly, IPART's charter in transit optimisation is absolutely central. That is, we have a "pricing body" stating unambiguously that it (and not Transport NSW) is the key driver of policy, with TNSW acting in an essentially service delivery role.

The problem is that IPART seeks to apply, in respect of transit fares, all of its know-how, expertise, methodologies, understandings in economics (supply/demand; elasticity etc etc) to fares, in much the same way it might for electricity, gas and water.

And so, the whole thing fails by not having clear goals for TRANSIT, which are prescribed, from which everything else flows, rather than this "suck it and see"; "back the front" methodology which IPART has put out for comment.

It is plain why integration is necessary. The make-up of the greater Sydney PT system absolutely demands it, as reflected in customer surveys, and plainly obvious to the Prime Minister and everyone else. The fact that an average bus trip is 50% cheaper than rail should be screaming PROBLEMS. (How could an outfit dedicated to "socially optimal" fares have got this so wrong?). And, here is where IPART thinking gets in the way.

In the reference reports, it has published comparison charts between "current" fares and "integrated" fares. This gets a capital F for fail. Because, it has applied all of its established methodologies and economic principles etc etc to produce the so-called "integrated" outcome. It apparently takes current zones ,sections, distance assumptions ,and bus stop placements as "the givens". The answer would simply not be derived this way. It needs a new paradigm. It starts with (not ends with) having a clear goal. Surely, if the goal starts out as "delivering a PT system which supports objectives of transport efficiency, liveability, environmental enhancement, city image and customer satisfaction" (needs work, but, you get the idea), then the fares task is one of optimisation, not socially optimal (and the rest). IPART is on the right track, when it talks about "striking the best balance", or what I would term the "line of best fit". That is, for starters, (i) how do we achieve the highest possible usage while(ii) not

diminishing total fare box revenue. I say "for starters", because full integration will deliver a guaranteed 7% ridership increase, with the added commercial advantages of more interest free money on Opal cards, lower ticketing equipment costs, staff savings and more bus available running time by reduced trip times. (etc. This is a snapshot of benefits only. Think of Government real estate value around PT hubs etc). There needs a totally different IPART perspective on how to tackle the problem. This "best balance" would actually be achieved by, lets say, "togglng". Firstly, you have to bin the notion of distance-based charging. It can never work, but moreso, in Sydney where straight line travel (except in the CBD) doesn't exist. It must be zone-based, as in Brisbane and Melbourne. Then you must "toggle" the zones and pricing, until you get the optimal outcomes. You should set some parameters like "no more than 15% pay more or less". ("Togglng" requires imagination and creativity, not mathematical purity. There will always be anomalies which no pure formula will fix. So, "manufacturing" a workable answer comes into play.)

You will need to rationalise zillions of ticket types like "week-end" and 'Off-peak" down to six or eight. (Easy). Tickets like "yearlies" will have no place.

In summary, much of the IPART work is irrelevant. Not orientated to the real mission. Start on TOTAL business rule rationalisation; start on zone modelling, learn the art of "togglng". Then you can refine for usage loyalty, off-peak, week-end etc.

So, to IPART fare-setters. "ANTENNAE UP". Sense the wind direction. Listen to the words of the new Prime Minister. The code is simple to decipher. My guess is that if you don't twig urgently to the way forward, you might soon be getting some externally directed "therapy". Hope this helps. Best regards. Bob Lutherborrow