

# Submission to Review: Public Transport Fares in Sydney and Surrounds

## Response to Issues Paper – Finding the best fare structure for Opal

IPART is considering the option of full integration of fares across all modes of public transport in Sydney and its surrounds (ie a single distance-based charge, independent of the mode(s) of transport used). This would provide attractive benefits in terms of the simplification of the fare system, but fails to adequately address the differential costs of providing services. Moving to this system would also be highly disruptive, leading to either a large reduction in overall revenue, or a large additional cost imposed on some public transport users.

This submission puts forward a proposal for fare integration that incorporates a flag fall charge for each mode of transport, with the unique feature that **only one flag fall charge is paid by passengers for each journey made, regardless of the number of modes of transport used**. The submission also considers subsequent options for further fare reform: (a) removing the steps in the fare tables, replacing these with per km rates; and (b) introducing a discounted fare for trips that do not enter the “City Zone”.

### 1. Apply a Flag Fall component to fares as the simplest and easiest way to achieve multi-modal fare integration

The current fare tables for travel in and around Sydney are as follows:

Bus		Ferry		Train	
Distance	Fare	Distance	Fare	Distance	Fare
0 – 3 km	\$2.10	0 – 9 km	\$5.74	0 – 10 km	\$3.38
3 – 8 km	\$3.50	9+ km	\$7.18	10 – 20 km	\$4.20
8+ km	\$4.50			20 – 35 km	\$4.82
				35 – 65 km	\$6.46
				65+ km	\$8.30

Splitting these fares into a flag fall charge and a distance charge, the fare table could become:

Bus			Ferry			Peak Train		
Distance	Fare breakdown (FlagF + Dist)	Fare	Distance	Fare breakdown (FlagF + Dist)	Fare	Distance	Fare breakdown (FlagF + Dist)	Fare
0 – 3 km	\$1.80 + \$0.30	\$2.10	0 – 9 km	\$1.80 + \$3.94	\$5.74	0 – 10 km	\$1.80 + \$1.58	\$3.38
3 – 8 km	\$1.80 + \$1.70	\$3.50	9+ km	\$1.80 + \$5.38	\$7.18	10 – 20 km	\$1.80 + \$2.40	\$4.20
8+ km	\$1.80 + \$2.70	\$4.50				20 – 35 km	\$1.80 + \$3.02	\$4.82
						35 – 65 km	\$1.80 + \$4.66	\$6.46
						65+ km	\$1.80 + \$6.50	\$8.30

The proposed fare model is this: **If a passenger uses more than one mode of transport on their journey, they only pay one flag fall charge.**

So, if a passenger took a journey that was a 22km train trip, plus a 2km bus trip, the fare would be  $\$4.82 + \$2.10 - \$1.80 = \$5.12$ , where:

\$4.82 = the cost of the train component

\$2.10 = the cost of the bus trip as a standalone journey

-\$1.80 = the bus flag fall that is not charged to the customer.

The result of this is that the short bus ride costs the passenger only \$0.30. The \$1.80 flag fall not charged could be presented to the customer as a saving as they ‘tap off’ their Opal Card, which would have the added benefit of reinforcing value from the Opal Card.

As a further example, a passenger that takes a ferry from Manly to Circular Quay and then a train to Central, would face a fare of  $\$7.18 + \$3.38 - \$1.80 = \$8.70$ , where:

- \$7.18 = the cost of the ferry component
- \$3.38 = the cost of the train trip as a standalone journey
- \$1.80 = the train flag fall that is not charged to the customer.

This approach preserves the foundation of the current fare structure and so avoids creating a fare impact on customers that will continue to complete their journey using a single mode of transport.

This reform could pave the way for two further reforms to fare structures, presented as options below.

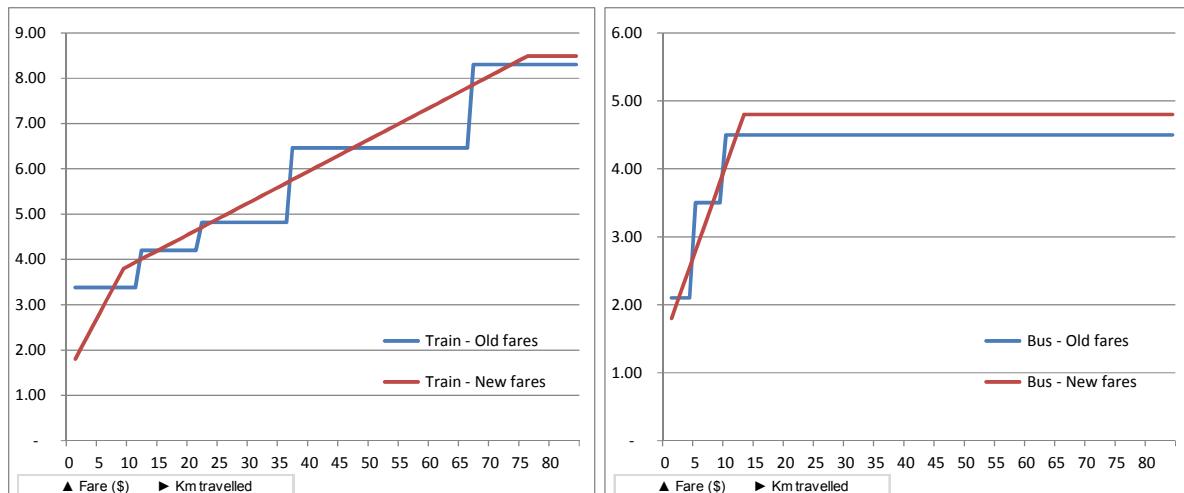
## 2. Consider replacing the fare tables with per km travel rates, applying differential rates for each mode of transport

The current fare tables for all modes of transport incorporate “steps”, based on distance bands. These steps are historically based, and were useful to create simplicity in ticketing as they reduced the number of different tickets that needed to be available for sale. Opal creates the potential to “smooth out” these steps, thereby improving the fairness of the system.

Applying a single distance charge across all modes of transport is likely to cause substantial disruption and fails to recognise the differential costs of providing some services, and the perceived higher value of some modes of transport. The table below sets out some example per km rates for each mode of transport. These rates have the potential to increase fairness in the system while minimising disruption:

Bus		Ferry		Peak train	
Band	Rate	Band	Rate	Band	Rate
Flag fall	\$1.80	Flag fall	\$1.80	Flag fall	\$1.80
0 - 12 km	\$0.25 per km	0 - 2 km	\$1.50 per km	0 - 8 km	\$0.25 per km
12+ km	\$0.00 per km	2 - 15 km	\$0.25 per km	8 - 75 km	\$0.07 per km
		15+ km	\$0.00 per km	75+ km	\$0.00 per km

The impact on fares of moving to these new distance rates are set out in the charts below for Train and Bus modes:



### 3. Introduce a new discount for trips that do not enter the “City Zones”

One way to utilise spare capacity in the Public Transport system is to promote intra-suburban trips. Capacity is generally constrained on trips in and out of the city centres, at peak times (eg Sydney City, Parramatta, Chatswood). Current fare structures mean that short trips outside of the city are expensive for commuters, compared to other options including private car use. Introducing a new fare discount for trips that do not enter these City Zones could act as an incentive to increase public transport use across the city and across the day. This could even act as an incentive for employment outside of the main CBD.

The simplest way to introduce this incentive would be to reduce or even eliminate the Flag Fall for trips that did not enter or pass through designated City Zones. Short suburban trips would become much more affordable and this could lead to a much greater use of public transport and an increase in accessibility and mobility for the disadvantaged.

This reform could also be a catalyst to introduce some targeting of the “8 paid journeys” offer which could be modified so that users pay for the 8 **highest cost** journeys in a week, rather than the **first** 8 journeys in a week. This would be an affordability and integrity measure that could be introduced together with reducing the cost of some journeys.