

1 With the introduction of electronic ticketing for public transport, we propose to use a proportionate approach to regulating fares as an interim measure. As part of this, we propose to set fares for one year rather than establishing another medium-term price path. Do stakeholders agree with this approach? 17

No. The planned fare structure under Opal should be being set now so that it is not harder to change later. Also, if a change to the fare structure would be planned later the software costs will be significantly increased by programming one fare structure but then changing it later. This would apply particularly if the subsequent fare structure is significantly less complicated than the original Opal fare structure. It would be difficult to devise a worse fare structure than what presently applies in Sydney. Failing to confront the complexity in Sydney's fare structure was a major reason for the failure of T-Card.

A good system was what applied in South East Queensland until recent times. That involved a large number of zones (23), an off peak discount (20%), a 50% frequent user discount after 10 trips in a week (Mon-Sun). The only real problems are that the trips discounted by the frequent user discount should have been the cheapest trips rather than the first trips taken and that counter peak trips were not counted as off peak trips. I would have thought this sort of fare structure which really results in no one getting anything for free would be something that IPART would like.

This would be problematic in Sydney due to its polycentric nature but considerations of simplicity should be considered more important. An alternate plan would be to charge based on distance travelled. A third alternative is a patchwork zone structure similar to what is applied by ZVV in Zurich.

A further point is that ultimately all periodical tickets should be removed. These reduce fare revenue for a fixed base fare or require the base fare to increase for a certain revenue requirement, therefore creating a deterrent to public transport use.

It is pretty illogical to have 3 levels for MyMulti and 5 levels for MyTrain even though the same area is covered. However, I would assume that these sorts of things are not going to change in this review.

6 What do you consider to be the most important factors that we should consider when deciding on how fares should transition to an appropriate passenger share? 24

The most important criterion should be having a fare structure which maximises the external benefits of public transport and the fare revenue. Both of these goals are achieved by maximising the public transport patronage. The current fare structure, which has inbuilt penalties for connections does the exact opposite. Witness the enormous increase in train use at Green Square and Mascot stations following the removal of its surcharge. Therefore it is clear that fares can reduce patronage.

7 Are our proposed pricing principles appropriate for determining fares? Have we missed any additional principles? Are some more important than others? 27

Yes, you still are missing the point that transfers should be free. Jarrett Walker has articulated this far better than I would in this blog post:

<http://www.humantransit.org/2009/04/why-transferring-is-good-for-you-and-good-for-your-city.html>

The issues paper shows that the market penetration of the MyMulti 1 has declined. This is a problem, in order to promote public transport patronage there should be more people using multi mode tickets so that they can make the most efficient trips without thinking about how it would financially punish them.

Also, private bus users would be able to board faster if they used MyMulti rather than MyBus. The current fares make this unattractive for commuters. For this reason, the MyMulti 1 weekly should be no more expensive than the most expensive MyBus Travel Ten which is currently \$36. Arguably, for the reasons like what is listed below, the MyMulti 1 weekly could be priced at the same price as the MyBus 2 however, if a person is doing 13 journeys a week then the proposed MyMulti 1 becomes cost effective compared to single tickets. Under the current fares, one must complete 16 MyBus 2 journeys in a week or 12 MyBus 3 journeys to justify buying the current MyMulti 1

Consider these scenarios:

- Travelling from Bronte to Martin Place requires a connection, best done at Bondi

Junction or a long walk from Liverpool St to Martin Place. Why should these people have to pay significantly more to use the system what is the optimal way for system? The service km on the train are at a low variable cost and increasing the use even in peak hour does not noticeably increase the cost of providing the service. No doubt that the fare is far too high for such a short trip, and the 378 from Bronte doesn't come anywhere near frequently enough, they do not even meet every train at Bondi Junction between the peaks.

- Travelling from Bondi Beach to the city on a 333 you have the choice of getting off the bus for a train at Bondi Junction and getting to the city faster but paying a higher fare to allow you to do so. The public transport system incurs a higher cost if the passenger stays on the bus, but if the passenger gets off the bus other people can get on into the space freed up.
- Travelling on a 42n service via Newtown you are currently given a fare incentive to remain on the bus even though it would be faster and more efficient to transfer to a train at Newtown under many circumstances.

8 Should we set maximum fares for all services or journeys or only the single ticket? 28

Fares should be set for journeys no matter how many connections are involved, rather than rides aka sectors or legs.

9 If we set fares for all services, should we set fares by determining a maximum for each individual fare or should we adopt a weighted average price cap (WAPC) approach? If we use a WAPC, should we include side constraints, or limits, on the change in fare for individual tickets? 28

WAPC. The system should be as simple as practicable.

10 Should there be different levels of discount on weekly tickets across different distances? 36

No.

11 How should the MyMulti tickets be priced to ensure users of these ticket types are not receiving a disproportionate discount compared to passengers using single and periodical tickets while still allowing and encouraging multi-modal travel? 36

Firstly, MyTrain 5 weekly tickets should be removed. These people can simply buy MyMulti 3, and the price difference is trivial. There is no reason to intentionally marketing unintegrated tickets/fares. I will also be note that the discount on the MyTrain 5 weekly as compared to 5 returns is the highest of the MyTrain series.

Ideally, MyTrain 1-4 would be removed for trips passing through the city and these people required to use MyMulti however that would cause trouble for people that need MyTrain 1-4 tickets not going to the city.

As for your comments about MyMulti ticket users potentially receiving a disproportionate discount, that question is far better directed to users of the 341 bus, which had 7 boardings in May 2011 or 0.08 boardings per trip. Equally, you can ask it of long distance commuters who are receiving massive and inequitable subsidies under the MyZone system. One of IPART's legislative requirements is "the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers". For reasons I have attempted to outline above, I would argue that the quoted requirement mandates the removal of penalties for transfer, to the degree practicable.

12 Do you have any other suggestions on how the MyZone fare structure can be improved? 36

South East QLD integrated their fares before going with a smart card based ticketing system. This is one part of the reason why QLD's Go Card was done reasonably cheaply. WA and ACT have also implemented simple systems. There is no satisfactory reason why there should be complicated rules surrounding fares, and numerous reasons why there shouldn't be such rules. It should be mentioned that SA first implemented integrated fares in the 1960s but it is still not done in Sydney.

IPART have previously mentioned that fares should be dependant on the mode used to provide the service. Well Gary Glazebrook puts bus costs at 57c/passenger-km and Cityrail at 47c/passenger-km (1) while a report for Auckland Council puts it at 56c/passenger-km and 37c/passenger-km (2) respectively, although the last figure excludes capital expenditure and depreciation. These differences aren't significant enough to justify the confusion that will arise from attempting to discriminate at the point of charging between bus users and rail users.

Short distance single rail fares are particularly expensive in Sydney. Perhaps this is a measure against evasion but otherwise it is a poor policy to discourage shorter distance commuters from using trains.

Similarly, it is inappropriate to give enormous subsidies to people who choose the most unsustainable lifestyles of living 50km or more away from where they work, and yet the MyZone fare system did precisely this.

References:

(1) www.dab.uts.edu.au/research/outcomes/garry-glazebrook-main.pdf

(2) <http://urbanist.typepad.com/files/1295-final-report-150811.pdf>

I don't care to comment on these issues specifically:

2 We propose to use indexes of costs and benefits drawing on the findings on efficient costs and external benefits from our 2009 determination. Do stakeholders agree with this approach? 21

3 Should the inflators for the indexes be based on publicly available, independent, verifiable data? Are the typical inflators we use in other industries suitable for CityRail? 21

4 How should we adjust the cost index for expected productivity gains? 21

5 How should CityRail's capital costs be incorporated into the index? Should we apply one of the capital inflators used in other industries or develop one specific

to CityRail based on either building blocks allowances or book values? 21

13 Do CityRail passengers have a reasonable capacity to absorb increased fare levels? 36