

Feedback for IPART's document:

Public Transport Fares in Sydney and Surrounds

The IPART suggested changes to Opal pricing structure seems to have two main good components, but also several very negative proposals that are very clumsy in their attempt to claw back revenue.

POSITIVES

1. Integration of transport modes

One positive component is the integration of different modes of travel for the same journey. This surely has to be a positive given the current disconnectedness of the rail network by itself. It helps to plug an existing gap in the physical infrastructure that will take decades to repair, viz. the lack of cross connections between any individual rail line with any other rail line – ie a north-south line cross connecting with an east-west line. There are none. This policy will help as a stop-gap measure.

2. Pricing by straight line distance (“as the crow flies”) and not via the rail alignment

Furthermore, pricing by distance is currently measured along the length of the rail line, not as the crow flies, which essentially excuses poor design of rail alignment where customers have to travel many kms out of their way to reach their destination. IPART's suggestion to remedy this situation will encourage more rail building that starts to mend the gaping holes in the rail 'network', which is not really a network, as there is not a single x-link cross-connection of two lines anywhere, only dovetail y-link connections (eg at Blacktown, or at the Cumberland line Y link, or at the infamously poorly designed Regents Park intersection). This is a good thing.

There are however several negative consequences to this proposal, and ones that seem to have been made without reference to the larger contexts around the issue of PT travel.

NEGATIVES

3. Replacing the 8 trip cap with the 10 longest trip cap.

The stated and intended point of the 8 trip cap is to encourage PT customers to continue using PT for the rest of the week once they have reached their 8 trips. That means that once they have arrived at that point, be that on a Thursday, Wednesday or Tuesday, they are effectively encouraged to continue to use PT for the rest of the week, and will therefore continue to patronise the service. Given that incentive to continue to use PT once their 8 trip limit has been reached, this inevitably results in the consequence of choosing not to drive and also to fully make use of the existing system. This is a positive incentive to leave the car at home which has significant benefits both to the workers themselves (less stress from driving) as well as the larger economy, with business vehicles freed up to some degree by the lesser number of private vehicles on the roads. (This effect was also arrived at through the soon to be withdrawn weekly tickets, even though people still drove on the weekends as PT services are very patchy then.) It also acts as a stimulant to the economy, with people choosing to go out and spend money when they know that their transport is free. This I know to be the case on Friday and Saturday, where people can use the Opal 8 trip structure to their advantage to take advantage of what Sydney has to offer. This is a stimulus to the economy of Sydney, and it is also a boon to road users.

The consequence of scrapping the 8 trips will get rid of the incentive to continue to use PT throughout the week once the 8 trip cap is reached. That means more of an incentive to drive, or simply not to travel at all where unnecessary. That flows through to less revenue across the larger economy, and greater gridlock, encouraging people to not bother to use PT in the first place. If they are choosing to drive, then this has a direct effect on the economy, where business vehicles are gridlocked in by private vehicles, but also directly has an influence on travel habits of people that concretise and set. Over time, this leads to a longitudinal retreat from PT back into private vehicle use, further embedding private vehicle use.

As such, IPART's proposal fails to meet its own objectives as stated in 1.1 point 3, since such a change would directly discourage public transport usage.

4. New fare structure of 10 trip cap and rising limit

The proposal for a combined cap and reward, with a refund at the end of the week is poorly thought out and has many issues.

- a) It is horribly convoluted, overly-complex and will not be understood by most customers. Something that is not understood, or poorly understood, is not attractive to a customer, because the customer is not able to 'own' the product on offer. This is a fundamental business rule, and it is surprising that IPART have not taken this into consideration. The beauty of the 8 trip cap idea is that it is very simple to understand. That is why many people are making use of it.

- b) It assumes that people can afford to pay for e.g \$300 of transport costs and then be refunded back to the \$65 (and rising) cap at the end of the week. People may not have that much money in the first place.
- c) The \$65 cap is stated to rise by \$5 per year, regardless of changes to CPI, inflation or salary growth. This is a rigid policy setting that again is a direct and increasing disincentive to PT use.
- d) It assumes that people will want to sign up to a Big Brother system that monitors your travel history linked to a person's bank details, all in the purview of government agencies. Many people have non-linked Opal cards, so how will they be refunded? Those people who object to such an idea have only one other option – to drive, thereby again completely undermining IPART's stated objective at 1.1 point 3.
- e) It notes that the 8 trip cap leads to 'perverse' travel patterns, yet fails to acknowledge that the customer is then bound, once they have undertaken their 'perverse' travel patterns, to continue to patronise the system once the 8 cap is achieved, since they have made that initial investment of time and effort to engage in such 'perverse' behaviour to make up the 8 ride cap early on in the week. The document overlooks this fact, one which squarely meets objective 1.1 point 3 of IPART's own criteria. So IPART's proposal appears to be arguing against its own stated objective.
- f) IPART states that "The additional fare revenue it raises would also allow for most single fares to fall in the first year of the determination, resulting in savings for customers who travel fewer than nine times a week." By rewarding people who travel less, you are encouraging people not to travel at all, or to drive instead. This again, is a bizarre and unnecessarily complex and convoluted mechanism that will simply encourage people to drive.
- g) IPART ignores the very real disincentives that exist in Sydney's current train network configuration, which is disconnected, infrequent and lacking urban coverage.

4. Pricing by distance

Pricing by distance as well as taking the most expensive, and therefore longest, 10 trips flies in the face of previous policies in housing and urban design that have encouraged denser growth on the periphery of the Sydney metropolitan area. In the vast majority of cases, those on lower incomes who live on the city's fringes will be subsidizing those on higher incomes who can afford to live closer into the city, where their trips will be shorter and cheaper. How exactly is that equitable? They are already being punished by long train journeys that they are forced to take as a function of poor Sydney urban design that has low density suburbs barely a few kms from the Sydney CBD. Now IPART's proposal wants to further punish them.

5. Random and sudden changes in policy.

Knee jerk changes in policy in order to resolve a financial shortfall is simply poor policy. It stems from a thinking that operates solely on the level of short term fiscal calculation. This is exactly not how to

encourage long term shifts in customer travel habits away from the car and onto public transport. It does however encourage more car use, and with the ending of the 8 trip cap, car use will certainly increase. If this is the stated intention then the policy is a success.

As such, this random shift in policy away from a simple easy to understand model that has successfully increased patronage fails to meet objective 1.1 point 6 for a stable and logical and consistent approach towards public transport policy. Its forcing of a complex fare structure that is hard to understand for the average person is not realistic. And the enforcement of a Big Brother approach of connecting travel history with a person's bank details is an affront to the right for travellers to go about their daily lives without their movements being under surveillance by government agencies.

What to do?

How to resolve the shortfall without resorting to a money grab from a very tentative market who barely trusts the running of the train network, let alone is willing to pay large sums of money for it?

SOLUTION

5. IPART's concern about revenue is justified given its remit, but their policy does not consider the impact of other financial inputs, and the decision to punish for instance those making longer journeys shows that it is not aligned with long term NSW housing strategies for the urban fringe, nor does it seem to be aware of discrepancies in wages and salaries across the various suburban areas that its policy will impact.

But there is a solution to the revenue shortfall that has been entirely overlooked by the IPART document, a bizarre omission given that it is in the nature of the human being not only to move from one point to another, but to also remain in one place, ie. live somewhere. Greater density housing around train stations that are coming online now will, once sold and occupied, inject more revenue into the PT rail system. There will simply be more customers using the train lines. However, this policy move needs to be further encouraged, and encouraged to occur more rapidly.

Although a few selected train stations have now got some low rise (8-10 storey) apartment buildings in the process of construction, a guaranteed form of revenue would be to further work with the Planning department to encourage this development to every train station on the network (currently only around 5% of train stations have anything like so-called 'higher density' buildings adjacent to them) and for this policy to be expedited. Focus should be placed especially on encouraging the construction of more medium rise (20-40 storey) apartment buildings next to stations rather than the current policy of low rise apartments of less than 12 storeys. That will raise substantial and significant revenue streams into the transport network to cover the \$150 million shortfall in a way that continues to sustainably encourage PT use and does not punish it in the way that most of the proposals that IPART are suggesting will do. It also provides a sense of continuity which is essential to long term growth of patronage.

CONCLUSION

In summary, I make 5 suggestions for revenue rescue that maintains patronage of our poorly disconnected transport network, one that is by far the most disconnected that I have ever had the misfortune to have used, and one that in itself in its current state directly discourages patronage by its very intrinsic layout and disconnection, regardless of the fare structure:

1. the fare structure should be left as it is, or tweaked only slightly (eg. a possible increase of 8 trips to 9 trips as a weekly cap) with the weekly cap encouraging PT use throughout the week to be retained. This will have a direct effect on encouraging people to use PT, as originally intended, and as such, has been a great success at encouraging people not to drive, or to drive as little as possible, and also to explore Sydney further, creating an economic stimulant. This will continue to engage people to use PT and encourage a long term cultural shift.
2. the excellent and logical idea of multi-modal trips should be implemented as soon as possible to increase patronage.
3. as IPART proposes, distance based trips should be made based on “as the crow flies” straight line distance, not the current network distance, which excuses poor rail nodal alignment and disconnection of lines that force circuitous journeys on travellers.
4. distance based trips should compensate and not punish those millions of Sydneysiders who are forced to live on the periphery of the metropolis not by choice but by poor urban planning that has resulted in some of the most overpriced real estate in the developed world.
5. customers should in no way be forced to submit their bank and travel details to the government in the way that IPART is proposing. This is an absurd requirement more reminiscent of the NSA’s abuses of surveillance, and has more to do with North Korea than Australia, and one that will again drive people back into their cars.
6. apartment building at every train station should be actively encouraged and ramped up, rather than a half-hearted selection of a few stations that is the current policy. The current policy, with a few odd low rise apartment buildings being constructed in no way addresses the massive and continuing housing shortfall in Sydney, evidenced by the unsustainability of current house prices, driving many of our brightest young people overseas. Increased heights and density (moderated by strict controls on aesthetics, amenity and minimum interior spaces aside from other factors of good design) should be expedited at all train stations, to ensure a growing and ever-increasing patronage ‘baked in’ directly to the rail network, and hence a direct and guaranteed increase in revenue streams for Sydney Trains over the long term. The document does not even make a mention that the increase in revenue will occur from this input in the section dealing with factors that lie outside the scope of the review in 5.3, yet this is the single most important boost to revenue that could possibly occur.

OVERALL

✦ I strongly urge IPART to recommend the logical multi-modal approach to fare calculation; the straight-line distancing approach to same; and the factoring of apartment building next to train stations into consideration.

▣ I discourage in the strongest possible terms the removal of the 8 trip cap that has contributed to consistent, weekly PT use, and provides a system that is intelligible and easy to understand as well as a stimulant to both the local economies of Sydney and its cultural life; the Big Brother implementation of personal tracking that would flow as a consequence of its overly complex refund scheme; the incomprehensible complexity of its fare structure; the financial punishment of those forced to travel long distances which ignores urban policy settings for the last 15 years; and the bizarre rewarding of customers who use PT less (and by implication, their cars more) which its 10 trip scheme would foster.

I offer these points of feedback to IPART's review of their proposals contained in the document "Public Transport Fares in Sydney and Surrounds" 2015.

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