

Review of public transport fares from 1 July 2016
Independent Pricing and Regulatory Tribunal
PO Box K35,
Haymarket Post Shop NSW 1240

Finding the best fare structure for Opal - NRMA submission

The National Roads and Motorists' Association (NRMA) welcomes the opportunity to contribute to IPART's review of the Opal Card fare structure. NRMA represents over 2.4 million Members across NSW and the ACT. Our Members are users of all modes of transport and as such, the fares, tolls and other charges associated with getting around are of great interest to us.

NRMA notes that this review is limited to the issues contained in the discussion paper, and our submission addresses the key discussion questions under the below sub-headings. However, given the expected period of disruption across the Sydney transport network in the next four years, we believe the following two issues relating to Opal fares warrant further discussion and consideration by the NSW Government.

1. Free fares for travel within the City Circle

Consideration should be given to making travel free for Opal Card users travelling between City Circle train stations. As it stands, fares for travel between City Circle stations (\$3.38 peak and \$2.36 off-peak) are disproportionate to the short distances between each stop.

Other Australian cities such as Melbourne (trams) and Perth (buses and trains) have introduced free fares for travel within CBD areas. With significant disruption to roads and bus networks expected in Sydney's CBD to facilitate the introduction of light rail, this pricing change will help to encourage travel that avoids CBD streets, and encourage more commuters to use the City Circle to travel to and from destinations in the north of the CBD, reducing demands on congested bus routes.

Tourists, with no real incentive to obtain an Opal Card, currently pay \$8.00 for a return paper ticket between any City Circle stations. Free travel on the City Circle will encourage tourists to visit a greater variety of attractions around the CBD and also to obtain an Opal, making it much simpler to catch trains, buses and ferries to see more of Greater Sydney.

2. Opal refunds for avoidable delays and disruptions

NSW commuters have little recourse when 'avoidable' incidents such as equipment failure or poor planning and decision making result in delays. This means the monopoly providers of these services have little incentive to minimise the length of delays and get commuters moving as quickly as possible. A financial sanction (forgone fare revenue) in such circumstances would drive improvement and innovation in dealing with avoidable issues that cause delay.

On January 5 2015, North Shore bus commuters were delayed by over two hours during the morning peak due to an outage in traffic signals caused by preparatory works for the Sydney light rail project. This was compounded when bus drivers were not permitted to leave the marked bus lane and enter general traffic lanes, which were moving freely. It was later acknowledged that cause of the delay

was avoidable and the response to manage the incident was inadequate. Those passengers should have been entitled to a fare rebate.

Other monopoly service providers such as water and electricity utilities are required to provide rebates to customers on a predetermined formula in certain instances of service interruption or poor service. For example, the *Sydney Water Customer Contract* includes a variety of rebates ranging from a 10 per cent discount on quarterly water rates for unsatisfactory water pressure to a 100 per cent rebate on annual rates for three or more unplanned water service interruptions lasting more than an hour over the course of a year.¹

Transport for London (TfL) has recently introduced refunds for customers who have experienced delays that are deemed to be the fault of the transport operator. Single fares are refunded in full to customers who are delayed 15 minutes on London Underground and DLR services or delayed 30 minutes on London Overground or TfL Rail services.²

NRMA believes Transport for NSW should adopt this policy for Opal Card users as part of its customer-centric mantra. Commuters should receive a rebate on their fare based on a predetermined formula that takes into account the duration of the delay. The widespread adoption of the Opal Card would make the development of a rebate system relatively simple.

NRMA response to IPART discussion questions

Should there be a higher level of fare integration across modes?

NRMA strongly supports the removal of interchange penalties on fares for multi-modal journeys. With transport congestion increasing across Sydney, public transport pricing should encourage the most efficient means of getting from A to B, which in many cases involves a combination of modes.

For multi-modal journeys, a distance based fare for the entire length of the journey should be applied. Given that the majority of these journeys include heavy rail as the first and longest leg, applying the rail fare calculation would be most appropriate. This would make a peak fare for a travel between Bondi Beach and the Sydney CBD using an Opal Card \$3.38 or \$4.20, depending on the distance of the bus leg, rather than current fares which cost between \$5.48 and \$6.80.

NRMA does not support the premise that removing the interchange penalty constitutes a 'fare reduction' that must be offset by increases in all fares across all public transport modes. Rather, this change will fix an anomaly in the system to ensure pricing reflects efficient travel choices. NRMA opposes increasing transport fares above CPI without demonstrable improvements to services.

The NSW Government must explore other options to improve the cost-efficiency of public transport services – such as advertising and retail opportunities, transit-oriented development and measures to improve operational efficiency – before simply shifting the burden onto end-users.

¹ Sydney Water Customer Contract. Viewed 13/8/2015 at: http://www.sydneywater.com.au/web/groups/publicwebcontent/documents/document/zgrf/mdq0/~edisp/dd_044115.pdf

² Transport for London: *Service Delay Refunds*. Viewed 11/8/2015 at: <https://tfl.gov.uk/fares-and-payments/replacements-and-refunds/service-delay-refunds>

How should fares vary by distance travelled?

The discussion paper makes a strong case for increasing fares for longer rail journeys on the Sydney Trains and NSW Trains network based on benchmarks in other jurisdictions and comparable international rail networks. The comparatively low fares in NSW are noted, however NRMA cannot support an increase in long distance train fares without a commensurate improvement in services – in particular, journey times (including higher average speeds), improvements in park and ride and amenities such as luggage racks, power outlets, Wi-Fi and/or the removal of mobile data blackspots.

NRMA notes the consideration of commuter parking demand in IPART's discussion of rail fare bands and travel choices. We believe that demand for commuter parking is more likely to be influenced by supply than differential fares between locations. For the most part, NSW motorists are highly aware of the cost of additional time spent driving their cars, and in most cases this cost will be the biggest factor in their decisions around park and ride locations.

Introducing an 'inner ring' fare zone should be considered alongside broader objectives of decentralised urban planning and jobs growth in Sydney's outer suburbs, with care taken to avoid any price discrimination that may undermine these goals.

How should fares vary by the time of travel?

NRMA strongly supports the introduction of off-peak fares across all modes. This is vital to achieve the desired shift in peak travel patterns over the next four years as works on major infrastructure projects are expected to cause significant disruption to Sydney commuters.

As with other changes that may reduce farebox revenue, the cost to government of peak-spreading needs to be considered in the context of some broader benefits such as reduced congestion and improved productivity.

Fare discounts for counter-peak commuting (i.e. to non-CBD destinations) are also supported as a means of supporting employment decentralisation.

What discounts should apply for frequent travel?

NRMA believes the current eight trip threshold for free trips for Opal Card users is appropriate and should be retained. Likewise, the Family Funday Sunday tickets are a great way of encouraging people to travel by public transport on weekends and should also be retained.

Consideration should also be given to further discounts for Opal users who reach their weekly trip threshold consistently over longer periods. Many customers who previously purchased monthly, quarterly and yearly train tickets have been reluctant to migrate to Opal due to relatively small fare discounts. NRMA believes there are opportunities to further reward customer loyalty for these customers.

Do concessions arrangements support optimal use of the public transport network?

NRMA recognises capacity constraints and cost pressures faced by public transport operators, however restricting or discouraging concession travel in peak periods would be problematic, and potentially discriminatory. The emphasis should be on providing better incentives for off-peak travel.

NRMA would welcome the opportunity to discuss this submission in further detail. Comments and queries on any of the above matters may be directed to Mr Luke Turner

Yours Sincerely

Kyle Loades
President