

5 February 2016

Review of Public Transport Fares  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop  
NSW 1240

Dear Sir/Madam

**Re: Sydney Airport submission: More efficient, more integrated Opal fares**

Thank you for the opportunity to comment on the Independent Pricing and Regulatory Tribunal's (IPART's) December 2015 draft report *More efficient, more integrated Opal fares* (the draft report). We have also viewed IPART's Information Paper 1, *Integrated fares for multi-trip journeys* (the information paper).

Sydney Airport made an earlier submission on IPART's September 2015 Transport Methodology Paper, *A new methodology for setting fares – Public transport fares in Sydney and surrounds*.

By way of background, our earlier submission pointed out that more than 150,000 people travel to or from Sydney Airport every day, including 29,000 people who work on the airport site, around 110,000 airline passengers and the remainder who are meeting or farewelling passengers.

After surveying more than 14,000 airport visitors in 2012 – the largest survey of its kind ever undertaken at the airport – we found that around 15% of these visitors travelled to the airport by train and 2% by bus. We understand that the mode share for travel by train has since increased to around 18%, while the share for bus travel has remained unchanged. In other words, around 20% of all airport visitors now use public transport to travel to or from the airport. This, of course, helps to reduce traffic congestion on the already busy road network in and around Sydney Airport's two passenger terminal precincts.

One of the key objectives in Sydney Airport's *Environment Strategy 2013-2018* – which forms part of our approved master plan – is to encourage the increased use of sustainable transport modes, including bus and train services. Meeting this objective will become increasingly important as the airport continues to grow. Any disincentive to use public transport should therefore, in our view, be identified and removed.

Our earlier submission pointed out that it was not unusual for people travelling by public transport to or from the airport to use more than one mode of public transport when doing so (usually bus and train).

The information paper acknowledges that, for these passengers who do travel by more than one mode of public transport, the current Opal card system is more expensive than the previous paper-based ticketing system. As is noted on page 4:

*"If a passenger transfers from one mode to another (eg. bus to rail), the trips are charged independently. This makes the journey fares more expensive than trip fares for the same distance."*

The introduction of the Opal card system and the elimination of paper-based ticketing has therefore created a significant disincentive for those wishing to travel by public transport.

Our earlier submission included an actual example of an airport worker who commutes to and from North-west Sydney to Sydney Airport every day. The worker is required to use both bus and train services each way. Under the old paper-based ticketing system, the annual cost of public transport fares was \$2,944, comprising \$1,748 for the MyMulti paper ticket and \$1,196 for the station access fee. Under the Opal card system, the annual cost increased to \$4,316, assuming the worker travels five days a week in peak times (which is more than likely).

The lack of fare integration across different modes of public transport is costing this commuter an extra \$1,372 a year (or \$114 a month), which is nearly 50% more than under the old fare system. Unsurprisingly, the commuter is thinking of commuting to the airport by private vehicle, thus adding to morning peak congestion on the already congested motorway and road network.

While this is just one example, there are certainly others, not just amongst the 29,000 airport workers but across the Sydney metropolitan area.

#### Recommendation in the draft report

The draft report recommends that this disincentive to use public transport be removed. We support IPART when it says on page 5 of the information paper:

*"That the customer should pay for the journey taken, and not be penalised for having to switch modes during the journey."*

However, while this IPART recommendation benefits customers and would, if adopted by government, incentivise the use of public transport, another of IPART's recommendations may do exactly the opposite, at least for those people who live in Sydney's outer suburbs and need to commute to areas close to the Sydney CBD (such as the airport).

On page 68 of the draft report, IPART notes some have argued public transport fares for longer distance journeys by public transport should be increased to allow fares for shorter distance journeys to be lower. This is based on the principle that fares should broadly reflect the distance travelled. However, some who made submissions pointed out that such an outcome would have negative equity implications because it wasn't fair to penalise people who live in Sydney's outer areas where there are fewer jobs. This is exacerbated for those travelling to and from Sydney Airport who are also required to pay a station access fee, the amount of which is set by a private company (Airport Rail Link) in accordance with a contractual arrangement it has with the NSW Government.

We note that, while IPART's recommendation is to increase public transport fares for longer distance journeys, these would only increase to a lower than optimal level to mitigate impacts on customers.

### Conclusion

Should IPART's recommendations be agreed by government, the incentive to use public transport arising from the removal of the existing cost penalty for changing transport modes may be tapered by the overall increase in fares, particularly for those who need to travel long distances. It would be useful to understand in more detail whether or not this would likely influence the decisions people living in outer Sydney suburbs will make whether to travel to and from their destination by public transport, or by private car. The latter decision, of course, would exacerbate Sydney's existing traffic congestion, particularly on the motorway network

If you would like any further information, please feel free to contact Mr Ted Plummer, Sydney Airport's Head of Government and Community Relations, on [REDACTED]

Yours sincerely

[REDACTED]

✓ **Sally Fielke**

General Manager Corporate Affairs