

Author name: G. Rygate

Date of submission: Friday, 29 January 2016

Submission: To whom it may concern,

Please find our organisation's submission in relation to the IPART draft report "More efficient, more integrated Opal Fares".

We represent the 2.1 million volunteers in NSW and the not-for-profit organisations, that rely on them.

We ask that the attached submission be taken into consideration in the development of the final report.

Regards,

Gemma Rygate.

Submission on

IPART's Draft Report: *More efficient, more integrated Opal fares*

29 January 2016

Introduction

The Centre for Volunteering is pleased to have the opportunity to respond to IPART's proposed changes to Opal Card fares.

Our interest is to help ensure changes to public transport fares do not put greater pressure on the volunteering sector in NSW. Volunteering in NSW is declining for the first time in 20 years due to time poverty, in line with a nation-wide trend (ABS General Social Survey 2014). Volunteers deliver vital services to our community and contribute \$5 billion to the NSW economy every year.

About The Centre for Volunteering

The Centre for Volunteering is the peak body for volunteering in NSW, with a 40-year history.

We are a not-for profit, member organisation which promotes and supports the 2.1 million volunteers in NSW and the organisations that rely on them. The majority of our members are not-for-profit organisations which rely on volunteers to provide vital services to the community. The Centre for Volunteering's services include:

- Volunteer matching - we match more than 4000 volunteers to organisations every year
- Advice and training – including volunteer insurance, volunteer management and legal issues
- Corporate volunteering programs
- Research, policy, information and advocacy
- NSW Volunteer of the Year Awards

Our submission

The Centre for Volunteering supports the majority of draft decisions proposed, including better integration of fares for multi-mode trips and replacement of the current weekly travel bonus scheme.

However, The Centre for Volunteering has several areas of concern with IPART's proposal. In particular, **we are extremely concerned about IPART's draft recommendation to tighten eligibility arrangements for the Gold Opal Card**, which will replace the paper Pensioner Excursion Ticket (PET), **and the negative effects this is likely to have on the already declining volunteering sector in NSW.**

We consider that if implemented, this proposal would lead to a reduction of the number of volunteers in NSW, and the number of hours people volunteer in NSW, especially by self-funded retirees. This would have flow-on impacts for individual volunteers, the not-for profit (NFP) organisations that rely on volunteers to deliver services, and the wider community and society that benefits from volunteer effort.

We also submit that there is a fundamental error in IPART's calculation of the external benefits of public transport, by failing to include social inclusion as an input. Social inclusion is internationally recognised as a key element of building and maintaining healthy, strong and connected communities, and reducing barriers to access to community infrastructure, such as public transport, is key to community wellbeing.

While we would prefer there was no increase in the daily cap of \$2.50 for seniors/Gold Card holders, we consider the revised daily cap of \$3.60 for Gold Card holders rising to \$4.00 reasonable given there has been no fare increase for a decade. While this will affect some volunteers, the far greater impact to the volunteering sector would arise from changing eligibility arrangements for Gold Card fares.

Our seven (7) concerns about the approach and the outcomes for the volunteering sector are the:

1. **Failure to include social inclusion when estimating the marginal net external cost/benefits** of public transport. Information Paper 8 states this was based on IPART's assumption that many of the benefits associated with social inclusion are "private" and "not external to the user". This is incorrect and contrary to Australian and international research. The social environment, including levels of community participation and social cohesion, impacts considerably on outcomes for individuals as well as for whole communities¹. The failure to include social inclusion as an external benefit of public transport is a fundamental error in IPART's approach, particularly with respect to Gold Card eligibility, and therefore cannot be reasonably considered to be a "socially optimal" maximum fare for passengers aged 60-plus.
2. **Impact on the rate and frequency of volunteering in NSW for people aged 60 and over** by increasing the cost of public transport significantly for self-funded retirees.
 - **One third of volunteers in NSW are aged over 55** and many aged over 60 are likely to be affected by tighter Gold Card eligibility requirements.
 - **Approximately 18% of NSW volunteers are aged 65+ and another 15% are aged 55 – 64**².
 - **More than a third of older volunteers are superannuants.** 38% of volunteers said their main source of household income came from "other" sources (such as superannuation), while 25% received their main income from Government pensions and allowances, 31% from employee income and 42% unincorporated business income
 - **Furthermore, travel expenses is the key cost/barrier incurred by volunteers** (24% of NSW responses to the ABS General Social Survey 2014)

Volunteers who are self-funded retirees are likely to choose to volunteer less to avoid higher travel costs and manage their carefully structured budgets. It is also a disincentive for new retirees, who are self-funded, to take up volunteering. The income of many self-funded retirees is highly variable and linked to the performance of their stock market investments, so their willingness to volunteer may diminish if it eats significantly into their weekly budget. Volunteering is already declining for the first time in 20 years due to people and families feeling under increasing time pressure. We need to provide more incentives to attract

¹ Improving the lives of Australians, Social Policy Research Paper No.39, Longing to belong: personal social capital and psychological distress in an Australian coastal region By HELEN L BERRY and MEGAN SHIPLEY

² General Social Survey, Summary Results, Australia, 2014, Australian Bureau of Statistics

volunteers and to make it easier to volunteer. This includes affordable access to public transport.

Pushing up Opal fares and tightening eligibility arrangements for Gold Cards will diminish the fixed income of self-funded retirees in the long run (e.g. current generation of seniors will not have benefitted from compulsory superannuation for the entire period) and may place pressure on this group to seek alternative income e.g. which has the potential to increase age pension participation.

- 3. Impact on the wellbeing of self-funded retirees aged 60-plus if they choose to stay at home due to higher public transport costs.** This increases the risk of loneliness, social isolation, depression, disconnectedness and poorer physical health outcomes for this cohort. Australia has an ageing population, which has profound social and economic implications. The Treasury's Intergenerational Report predicted that by 2050 Australia would only have two and a half working Australians supporting every older person who isn't working.

We also know that one in five Australians has a mental illness and almost one in five a disability – increasing their risk of being out of work, poorly educated and socially isolated. Our health and aged care costs are rising. Our workforce is shrinking. The contribution and health of older Australians – a large portion of whom will be self-funded retirees - will be even more crucial in the coming years, so encouraging social connection and providing affordable public transport is critical.

A vast body of research shows older people who are socially connected and volunteer are happier, more resilient, have a greater sense of self-worth and have lower blood pressure than non-volunteers.³

Also IPART's report does not take into consideration behavioural changes that arise by reducing access to the Gold Opal Card e.g. Seniors card holders may choose to drive which may increase safety risks from more seniors driving and increased congestion.

- 4. Contradictions with the intent of NSW Government's Volunteering Strategy (2012),** which lists "making it easier to volunteer" as its key priority. http://www.volunteering.nsw.gov.au/documents/23672909/23725145/Volunteer%20Strategy%202012_Final.pdf A second volunteering strategy is being developed and creating disincentives for self-funded retirees seems at odds with any strategy that promotes and values volunteering.
- 5. Increased financial pressure on NFP organisations** who reimburse volunteers' travel expenses.

Best practice volunteering sees that volunteers are compensated for travel associated with volunteering for an organisation. Diverting an organisation's funds to meet increasing volunteer costs will negatively impact the level of services these important organisations offer to the community. Moving from \$2.50 to \$9.00 per volunteer per day would be a significant cost burden for the volunteering sector. For example, The Centre for Volunteering has approximately

³ A prospective study of volunteerism and hypertension risk in older adults. Sneed, Rodlescia S.; Cohen, Sheldon, Psychology and Aging, Vol 28(2), Jun 2013, 578-586 <http://dx.doi.org/10.1037/a0032718>

40 regular volunteers a week who are aged over 60 and retired, but would not qualify for a Gold Opal Car under the proposed changes. In addition to being an up-front cost to the volunteers, when claimed, it increases the Centre's operating costs by \$13,000 each year (over 50 weeks).

6. **Impact of transition arrangements for new weekly travel credit scheme** - The Centre is concerned that IPART's proposes that the financial burden associated with the transition to the new weekly travel scheme would be placed on customers in Week 1. It is inherently unfair to expect the public to have sufficient (increased) funds on their Opal card in the first week that they use their cards under the new weekly travel credit scheme – any losses should be borne by Transport for NSW. Undoubtedly Transport for NSW benefits from interest payments arising from funds in customers' Opal accounts and we suggest that contributes to subsidising week one of the transition.

7. **Timing of release of the draft report.** From 21 December onwards, most volunteering organisations are closed for Christmas and into January giving limited time for submissions. Many of our member organisations, who are affected by these proposed changes are not aware of the report and have limited time to respond. This is not best practice consultation.

The importance of the volunteering sector

The volunteering sector is critical to civil society. Volunteering underpins the delivery of social and community services in NSW and nationwide, and without volunteers many services simply could not function.

In 2014, more than 2.1 million people aged 15 years and over participated in voluntary work in NSW⁴ and they contributed more than 230 million hours of work to the community. Their contribution to our economy conservatively estimated at \$5 billion a year.

Volunteers deliver vital services in aged care, surf life-saving clubs, emergency service organisations, hospitals disability services, disadvantaged families, refugees, sporting clubs, museums and cultural institutions, environmental causes and more.

In 2010, formal volunteering was conservatively estimated to be worth \$25.4 billion to the Australian economy and informal volunteering worth \$59.3 billion. More recent estimates for the value of the sector range up to \$290 billion per year.

However, even these impressive numbers undersell the real value of volunteering, which has a far greater social value and impact than just the notional cost of paying for that time. Volunteering plays a key role in strengthening communities by creating networks between people, which generates a range of positive social practices. Volunteers deliver services that would otherwise not be provided or would be provided at greater cost to government.

Volunteering also has significant benefits for volunteers – it mitigates the negative psychological effects of disadvantage, and is important for connecting people to social and economic participation, career paths and labour markets.

⁴ General Social Survey, Summary Results, Australia, 2014, Australian Bureau of Statistics

Our recommendations:

- 1. Make the Gold Opal Card available to all Seniors Card holders.** Acknowledge the significant social inclusion benefits of public transport and its role as a key enabler to volunteering in Sydney and NSW. Ensure all recipients of the current PET scheme are eligible for the Gold Opal Card. Do not create a new barrier to volunteering in NSW for self-funded retirees.
- 2. Reconsider the proposed transitional arrangements for the new weekly travel scheme to avoid placing an unfair financial burden on passengers in Week 1.** It is overly complicated and unfair for passengers to have to load extra funds into their Opal account on Week 1 of the new fares.

Concluding remarks

We believe the NSW Government, which receives so much benefit from the contribution of volunteers, has an obligation to consider the social impacts of excluding self-funded retirees from **Gold Opal Card** eligibility requirements, including the flow on impact this would have on volunteering in NSW.

The Centre for Volunteering and its members believe the IPART should recommend, and Government should ensure, public transport should be affordable and fair due to its important role in ensuring effective social inclusion and civic participation (including volunteering) in NSW.

To fail to do so is a false economy. It not only undermines the effectiveness of the state's volunteer effort (which is critical to civil society) but it also disrespects volunteers and volunteering (discouraging future volunteering effort).

In other words, placing an additional barrier to volunteering for self-funded retirees will result in fewer people volunteering, and those that do volunteer will do less of it. This would be a great disservice to the volunteering sector in NSW and to the individuals, families and communities in NSW that rely on them.

ENDS

Contact

For further information on this submission please contact:

Gemma Rygate, CEO, The Centre for Volunteering, 0429 449 139