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community forum

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

5 February 2016

Review of Public Transport Fares

To Dr Peter Boxall,

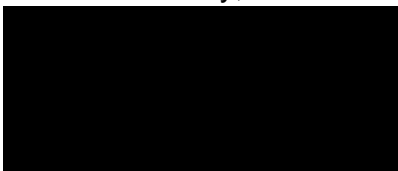
Thank you for the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal on the Review of Public Transport Fares.

Access to transport enables participation across all aspects of life including education, employment, access to goods and services, and recreational activities. Western Sydney Community Forum supports equality in the re-distribution of transport fares to ensure that the cost burden of public transport is not unnecessarily shifted onto vulnerable groups in the community who use public transport to get to work and access essential services.

We advocate for stronger social inclusion to ensure that all residents in Western Sydney are able to take full advantage of the public transport system in NSW.

If you would like to discuss this submission further please contact Sabrina Caldalano, Policy and Projects Officer, on [REDACTED].

Yours Sincerely,



Billie Sankovic
Chief Executive Officer
Western Sydney Community Forum



Western Sydney Community Forum

Submission to the Independent
Pricing and Regulatory Tribunal



More Efficient, More Integrated Opal Fares Draft Report

February 2016

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2 INTRODUCTION

The Independent Pricing and Regulatory Tribunal (IPART) have proposed a package of changes to public transport fares in NSW. The review into public transport fares has included:

- multiple stages of consultation on the structure of fares including an external benefits review;
- an economic analysis and consultation on fares for multi mode journeys, frequency discounts, and price caps;
- the release of an issues paper;
- the release of a methodology paper; and
- the surveying of public transport user attitudes.

The draft report 'More Efficient, More Integrated Opal Fares' outlines ten draft decisions and five draft recommendations and calls on stakeholder views on the proposed approach to multi-modes fares.

As a regional peak representing social policy and service delivery for communities across Greater Western Sydney, Western Sydney Community Forum (WSCF) is a voice to over 200 non-government organisations and the communities that they represent.

Our submission calls for equality in the re-distribution of transport fares to ensure that the cost burden of public transport is not unnecessarily shifted onto vulnerable groups in the community who use public transport to get to work and access essential services.

3 EXECUTIVE SUMMARY

Western Sydney Community Forum (WSCF) welcomes the opportunity to comment on IPART's review of the fare structure of public transport in NSW.

Since 1993 WSCF has been actively involved in addressing transport disadvantage in Western Sydney. In recent years WSCF have:

- Partnered with Western Sydney University to undertake a research project 'Estimating Transport Disadvantage and Unmet Transport Need' on behalf of Transport for NSW;
- Launched 'What a Difference a Ride Makes,' a collection of stories that illustrate the value of providing mobility options to people at risk of social exclusion;
- Worked in partnership with the Rural Transport Access Service;
- Regularly contributed to the Met West Community Transport Network;
- Regularly contributed to the Macarthur Transport Working Group.

This submission is informed by our research and ongoing work with our membership and partners.

4 SUMMARY OF RECOMMENDATIONS

Recommendation 1

The varying costs of different modes of transport is taken into account when determining transport fares and this rule is consistently applied to all modes of transport including light rail.

Recommendation 2

Bus travel for short distances is set at the socially optimal fare price established by IPART.

Recommendation 3

Multi-mode journeys continue to be based on the straight-line distance from origin to destination for bus and ferry travel, and track distance for train travel.

Recommendation 4

Consideration is given to other systems of fare calculation, including flat fares, which reduce transport disadvantage for customers living in outer urban areas.

Recommendation 5

Investigate measures to ensure that changes in transport fares does not burden Government and Non-Government Organisations that offer emergency financial assistance.

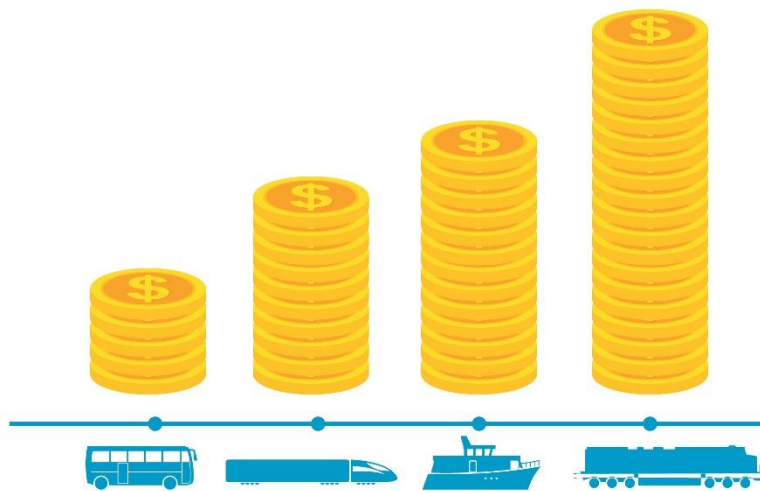
Recommendation 6

The weekly fare price required to be loaded onto an Opal card is capped at the maximum weekly fare cap.

1. Fare prices for different modes of travel

1.1 Public transport infrastructure in NSW consists of a range of train, bus, ferry and light rail transport options. These modes of transport have unique characteristics, providing varying degrees of convenience, location coverage and operating costs.

1.2 Opal fares are currently set at different prices based on the mode of transport used. This pricing structure reflects the varying operating costs of each mode of transport.



The Audit Office of NSW found that in 2015 the cost of services per passenger journey for rail was \$13.5, bus \$6.5 and Ferry \$8.6.¹

1.3 WSCF supports the draft decision to continue to calculate fares based on the varying operating costs of each mode of transport, however recommends that light rail fares should also be set in accordance with their operating costs.

1.4 Infrastructure NSW, when considering light rail connectivity between Parramatta and Epping or Macquarie Park, highlighted that busway would cost about \$30 million per kilometer compared to \$57 million per kilometer for light rail.² This cost analysis is consistent with other studies that confirm that bus was generally the lower cost mode of travel compared with light rail.³

1.5 The decision to set light rail fares as equal to bus fares will benefit a small

¹ Whitfield PSM, A, (2015). New South Wales Auditor-General's Report: Financial Audit: Transport, Volume 6, chapter 3 Financial Controls. Sydney, Audit Office of New South Wales.

² Greeiner AC, N., (2012) The State Infrastructure Strategy 2012 – 2032. Sydney, Infrastructure NSW, p.105.

³ Wilkie, C., & Peterspm, K., (2010) Position Paper: The Benefits of Light Rail. Sydney, Tourism and Transport Forum Australia.

number of customers who live or work in areas where light rail is available. This decision will result in a loss of revenue for Transport NSW, which has been recouped through other fare price changes.

1.6 One such change includes setting the fare price of short bus journeys above the socially optimal fare price for short journeys, which is the fare price established by IPART that encourages the most efficient use of public transport and promotes the most efficient delivery of public transport.

1.7 Increasing the cost of bus travel for distances less than 3km beyond the socially optimal fare price will redistribute the cost burden of transport to vulnerable groups such as older people, families with small children and people living with a disability who rely heavily on buses to access essential services.

1.8 Moreover, in Greater Western Sydney bus services provide integrated cross regional connections a vast majority of the areas not serviced by train. Commuters who live in areas where buses are one of the only modes of transport available, particularly those who live in areas of NSW with limited public transport infrastructure will also carry a considerable portion of the cost burden of this redistribution of fare prices.⁴

Recommendation 1

The varying costs of different modes of transport is taken into account when determining transport fares and this rule is consistently applied to all modes of transport including light rail.

Recommendation 2

Bus travel for short distances is set at the socially optimal fare price established by IPART.

⁴ Rosier, K., & McDonald, M., (2001). The relationship between transport and disadvantage in Australia, Child Family Community Australia.

2 Measuring fare bands based on the straight-line distance

2.1 Opal fare bands are currently based on the straight-line distance from origin to destination for bus and ferry travel, and track distance for train travel. The draft decision to measure multi mode journeys as the longest straight-line distance between any tap-on and tap-off point rather than the actual distance travelled by on a train, creates inconsistent variations in the price of travel that is not reflective of the actual cost of public transport.

2.2 The inconsistency created by this draft decision is illustrated in the cast study below.

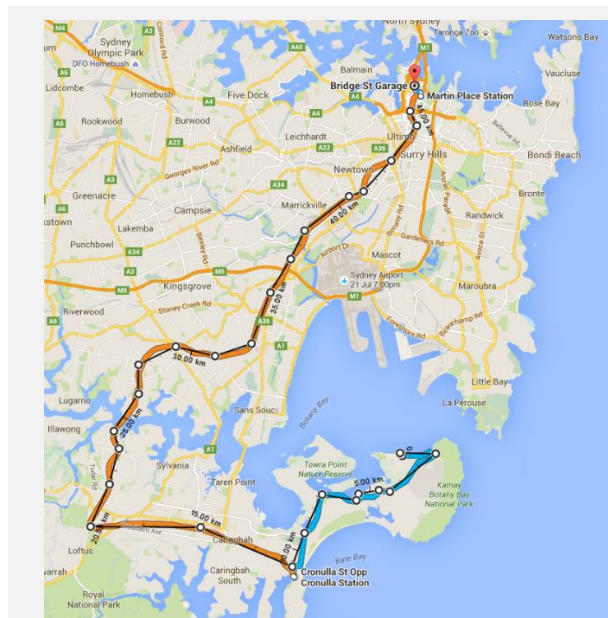
2.3 Case Study

Stanley and Jason are colleagues and work at Bridge St, Sydney.

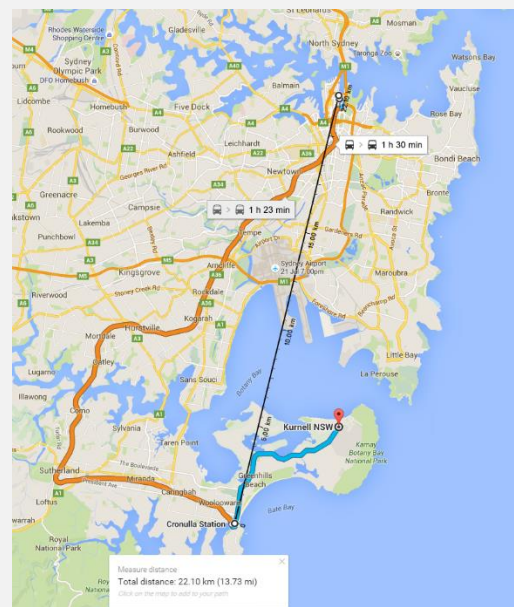
Stanley lives in Kurnell, and Jason lives in Mt Druitt.

Both travel 45km to work on a bus and train.

The longest straight line distance from Stanley's place of residence is 22km.



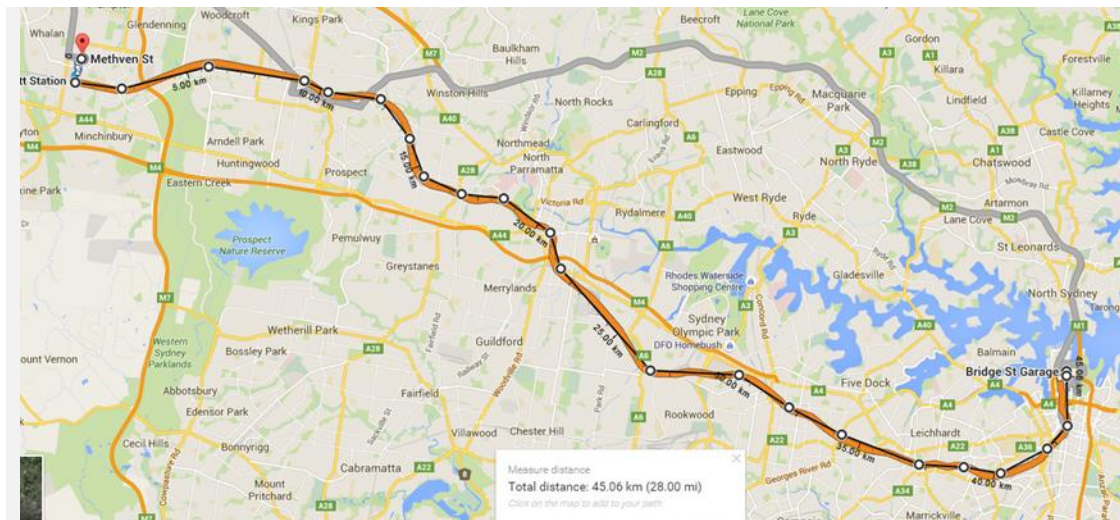
Map of Stanley's bus and train route to work



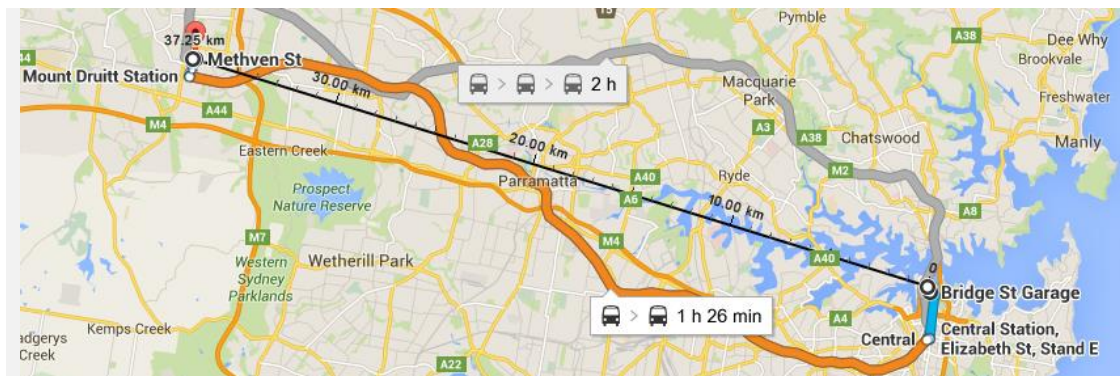
Map of the longest straight line distance of Stanley's journey to work

Therefore under the proposed changes Stanley will pay \$47.40 per week for his journey to work.

The longest straight line distance from Jason's place of residence is 37.25km .



Map of Jason's bus and train route to work.



Map of the longest straight line distance of Jason's journey to work.

Therefore under the proposed changes Jason will pay \$62.40 per week for his journey to work.

Under the new pricing structure residents in Mt Druitt will be paying 24% more than residents in Kurnell to travel the same distance by bus and train to the same place of employment.

2.4 This draft decision has the unintended consequence of creating inconsistent fare prices for commuters based on the origin or destination of their travel, rather than on the cost of the journey they undertake.

Recommendation 3

Multi-mode journeys continue to be based on the straight-line distance from origin to destination for bus and ferry travel, and track distance for train travel.

3. Increasing the per kilometre rate for longer distance journeys

3.1 The draft decision to increase fares for those that travel on bus journeys of more than 15 km, rail journeys of more than 65 km, and ferry journeys of more than 15 km will have a significant impact on particular groups of people and geographical locations that experience transport disadvantage. Transport disadvantage is common in outer-urban areas of NSW where poor public transport infrastructure coupled with a higher proportion of low-income households live.⁵

3.2 Currently Opal fares are capped once the distance travelled reaches 65km for rail, 8km for buses, and 9km for ferries. The current fare structure for longer distance journeys accounts for the decreased frequency, availability and coverage of public transport in these areas. These factors affect value for money and should be considered when determining an optimum fare price for travelling on public transport.⁶

3.3 Commuters who travel more than 65km experience less frequent trains that are less available at night or on weekends and provide less coverage. These commuters are also often members of low income households that are forced out of inner-city areas due to limited housing affordability.⁷

3.4 Increasing the cost of fares for those who travel longer distances will work against policy decisions aimed at encouraging more commuters onto public transport.

Recommendation 4

Consideration is given to other systems of fare calculation, including flat fares, which reduce transport disadvantage for customers living in outer urban areas.

⁵ Rosier, K., & McDonald, M., (2001). The relationship between transport and disadvantage in Australia, Child Family Community Australia.

⁶ Ninesquared, (2015). 2015 Fares Benchmarking Report. [online] Available at: <http://ninesquared.com.au/2015-fares-benchmarking-report/>.

⁷ Burke, T., & Hawward, D. (2000). *Housing past, housing futures: Melbourne metropolitan strategy technical report 4*. Melbourne, Department of Infrastructure.

4. Implementing a weekly travel credit scheme

4.1 Currently commuters receive a frequency discount and weekly price cap where they are required to pay up to \$60 on their Opal card per week. Under the draft decision commuters will be required to pre-load onto their Opal card the full cost of their journey even if that cost exceeds the weekly travel cap. Credit will then be loaded onto a commuter's Opal card at the end of the Opal week.

4.2 Example

Under the draft decision, a commuter residing at Richmond who travels to St James each day of the week will pay \$7.55 for each journey made. In one week they will need to load at least \$75.50 onto their Opal card.

At the end of the week they will receive a travel credit of \$15.50 which is the difference between \$65 and what they spend in the last week.

Previously this commuter would only pay \$51.68 per week. However in the first week of the new weekly travel credit scheme, this commuter will have to load an additional \$23.82 onto their Opal card. The commuter will then have to ensure that in each subsequent week they have \$75.50 loaded on their opal card.

4.3 This decision places an additional cost burden on commuters which will unnecessarily impact on their overall cost of living. The impact of this decision will flow through to Government and Non-Government Organisations who offer emergency assistance to people in financial crisis.

4.4 The impact of this cost burden can be minimised through maintaining the current Opal card system of capping the amount required on an Opal card to the maximum weekly fare cap.

Recommendation 5

Investigate measures to ensure that changes in transport fares does not burden Government and Non-Government Organisations that offer emergency financial assistance.

Recommendation 6

The weekly fare price required to be loaded onto an Opal card is capped at the maximum weekly fare cap.



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