

19 February 2020

## OPAL REVIEW 2020 DRAFT REPORT - PUBLIC HEARING

IPART is currently reviewing Opal fares for the period 2020 to 2024. We released an [Issues Paper](#) in April 2019 and our [Draft Report](#) in December 2019. We then held a public hearing on our Draft Report in Sydney on 11 February 2020. The public hearing is an important part of our review process and allows us to further consider stakeholders' views.

At the hearing Deborah Cope, IPART Tribunal member gave an overview of how the recommendations in the draft report were developed and the key contextual information we relied on (the handouts from this presentation are available on our website).

We thank stakeholders who participated in the public hearing (a list is included at Attachment A). We provide below a summary of the main issues<sup>1</sup> discussed:

- ▼ improving farebox recovery
- ▼ aligning fares – with a particular focus on whether ferry fares should be aligned with fares for other modes
- ▼ supporting disadvantaged and vulnerable people.

We will be considering all issues raised (both at the public hearing and in submissions and feedback made to our Draft Report) and undertaking our own analysis before finalising our final report and providing it to the NSW Government by 28 February 2020.

### Improving farebox recovery

Sydney public transport currently covers around a quarter of its costs from passengers through the fares they pay to use it. The remainder is funded by taxpayers – equivalent to \$4,900 per household in 2018-19 (the third highest expense after health and education).

Concern was raised about the current level of farebox recovery and so there was support for the need to increase it given the increasing maintenance needs and growing demand on the system (at a rate higher than population growth). However, there was caution against improving farebox recovery through methods like increasing fares alone, due to the potential resulting impact on demand - past experience in Queensland was provided as an example where fares were increased too quickly resulting in a decrease in patronage.

It was suggested that the whole (transport and road) system needs to be viewed holistically to raise farebox recovery, and that road congestion pricing should be considered. New

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<sup>1</sup> Where stakeholders have detailed other specific issues in either their submissions or presentations (at the public hearing) that have been made available on the [IPART website](#), they have not been reproduced.

Zealand was quoted as an example where Auckland<sup>2</sup> in conjunction with the New Zealand Government is investigating implementing road congestion pricing.

Some stakeholders also suggested that the senior concession fare and the Sunday Funday cap could be increased to help improve cost recovery, as they considered that they are currently very generous discounts.

## Aligning fares - ferry fares

Currently ferry users pay more than other modes of public transport for an equivalent distance travelled. This would continue to be the case under our Draft Report which recommended fare options that aligned bus, light rail and train fares on the basis that these services are becoming increasingly part of an integrated network and share a similar pattern of demand. The Draft Report notes that ferry use does not share this same pattern of demand (ferry use peaks on a weekend) and that typically ferry services are provided alongside alternative cheaper bus (or train) routes.

Concern was raised that ferry users:

- ▼ were being treated harshly as there is a steep differential in price compared with other public transport modes
- ▼ may be excluded from the new subscription products as the Draft Report proposed not to align ferry fares with those of other modes.

It was indicated that in other jurisdictions and overseas there is generally no differentiation in ferry fares compared with other modes. It was suggested that all fares should be aligned given that passengers generally do not have choice on what travel mode they have available, as this is decided by the NSW Government.

It was suggested that due to the geography of Sydney, ferries often provide a shorter, more direct service. Examples were discussed for particular journeys where the alternative bus or train would take much longer and as a result, does not provide a practical alternative.

The operating costs per passenger km was also presented for various modes of travel, showing that light rail had the highest cost per passenger km (with the understanding that it excluded infrastructure costs), above that of ferries. Hence, it was suggested that differences in costs do not justify treating ferries as a special case nor does it justify not integrating them with fares for other travel modes.

A presentation was given on this topic by attendee Robin Sandell. The presentation slides are available on our website.

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<sup>2</sup> Which has farebox recovery of 44%, with significant investment in public transport and a regional fuel tax of 10 cents per litre to support public transport projects.

## Supporting disadvantaged and vulnerable people

In our Draft Report we recommended that the NSW Government provide discounted Opal fares to NSW residents that hold a current Commonwealth Health Care Card (including those on low incomes, students, carers and people who are not well enough to work full time). We also recommended that the NSW Government consider implementing targeted programs for vulnerable people.

Stakeholders supported our recommendations and supported extending concession fares/discounts to those on Newstart or low incomes. They also provided context around the circumstances faced by disadvantaged and vulnerable people.

- ▼ They described how rates of poverty intensify across western, south western and north western suburbs.
- ▼ In Sydney (and across NSW), lack of affordable housing is a growing problem with more people facing rental stress and struggling to make ends meet.
- ▼ For those that are under the poverty line facing financial distress, public transport costs can be the second highest expense after paying rent.
- ▼ In Sydney, the cost of basic housing, food and transport is much higher than the Newstart rate – however, keeping up with bills and being able to access employment opportunities is essential to getting out of poverty.
- ▼ Across NSW people on income support experience some of the highest rates of poverty, however in terms of overall numbers there are more people working full-time and part-time living below the poverty line. This group would greatly benefit from more affordable public transport via concession arrangements being made available to HCC holders.

A presentation was given by Joanna Quilty, CEO of the NSW Council of Social Service (NCOSS). The presentation slides are available on our website.

Some stakeholders emphasised the need to provide free travel cards for people in crisis or experiencing difficult circumstances such as those impacted by bushfires, women leaving domestic violence and vulnerable young people -, particularly those experiencing homelessness or in the youth justice system, who have difficulty affording public transport.

- ▼ It was discussed that public transport plays an important part in vulnerable youth accessing employment and that gaining employment is key to participating in society and reducing the risk of re-offences. Also, that even one person gaining employment in a disadvantaged family, can significantly help that family rise out of poverty, as it can reinforce positive behaviour in other family members to also gain employment.
- ▼ It was also discussed that these vulnerable youth have difficulty affording public transport fares and that continually issuing fines is counterproductive. This is because if there are unpaid fines (which can accumulate significantly), then these vulnerable youth are unable to obtain a driver's licence which can limit their job opportunities – hence, reducing their likelihood of gaining employment and increasing their risk of re-offending, which could impose greater costs on the justice system and thus taxpayers.

Stakeholders proposed that the eligibility criteria for obtaining free travel cards should be developed in conjunction with the organisations that help support vulnerable people (such as young people), and that these organisations could be tasked with providing the cards to individuals in need. While the Draft Report suggested issuing free weekly or monthly passes to organisations, there was support in the public hearing to consider longer term passes, for example, quarterly passes as this could significantly reduce administrative costs. Again, the attendees reinforced the need for the NSW Government to involve relevant organisations in the development of any targeted fare programs for vulnerable people.

There was also support for providing free travel to people with disabilities, as proposed by IPART. People with disabilities can experience multiple barriers to their equitable participation in society and disadvantage as a result. Free public transport would assist with access to employment, services and social support. However it needs to be accompanied by measures to make the public transport system fully accessible as required by disability standards. Research indicates that in 2018, only 44% of train stations were accessible.

Stakeholders also commented that further work should be done on how to best inform people about how to use the public transport system at least cost, particularly for those who are financially disadvantaged, may have limited online access, face other barriers to accessing information and/or use public transport irregularly.<sup>3</sup> They also commented that those who are financially disadvantaged were likely to purchase higher priced single fares, rather than topping up their Opal cards which require a minimum of \$20 at Opal retailers.<sup>4</sup> It was also suggested that Service NSW Centres provide advice to passengers about the appropriate ticket needs for their travel patterns.

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<sup>3</sup> Stakeholders commented that irregular users (particularly those who are financially disadvantaged) are not usually aware of where Opal cards can be purchased.

<sup>4</sup> Stakeholders also commented that these people are unlikely to top up online using credit/debit cards.

## A List of attendees

**Table 1**

First Name	Last Name	Organisation
Robin	Sandell	N/A
Philip	Laird	N/A
Joanna	Quilty	NCOSS
Cindi	Petersen	Launchpad Youth Community
Kittu	Randhawa	Community Resource Network
Loretta	Allen-Weinstein	Youth Justice
Brian	Reid	Action for Public Transport (NSW)
Christina	Limbdis	Transport for NSW
Aaron	Murray	Transport for NSW

# IPART Hearing on Opal Fares 2020-24

Joanna Quilty, NCOSS CEO

11 February 2020

# Disadvantage in NSW

NCOSS modelling shows that more than 880,000 people in NSW are living below the poverty line.

Proportion of people living below the poverty line or in a low-income household:

Average in Sydney: 12.6 per cent	People with disability (low income household): 21.1 per cent
Homeowners: 7.4 per cent	Students, carers, volunteers and others not in the workforce: 26.7 per cent
Full-time work: 5 per cent	Part-time work: 7 per cent

Struggling to make ends meet impacts one's ability to keep connected to family and friends and participate in the community leading to social isolation.

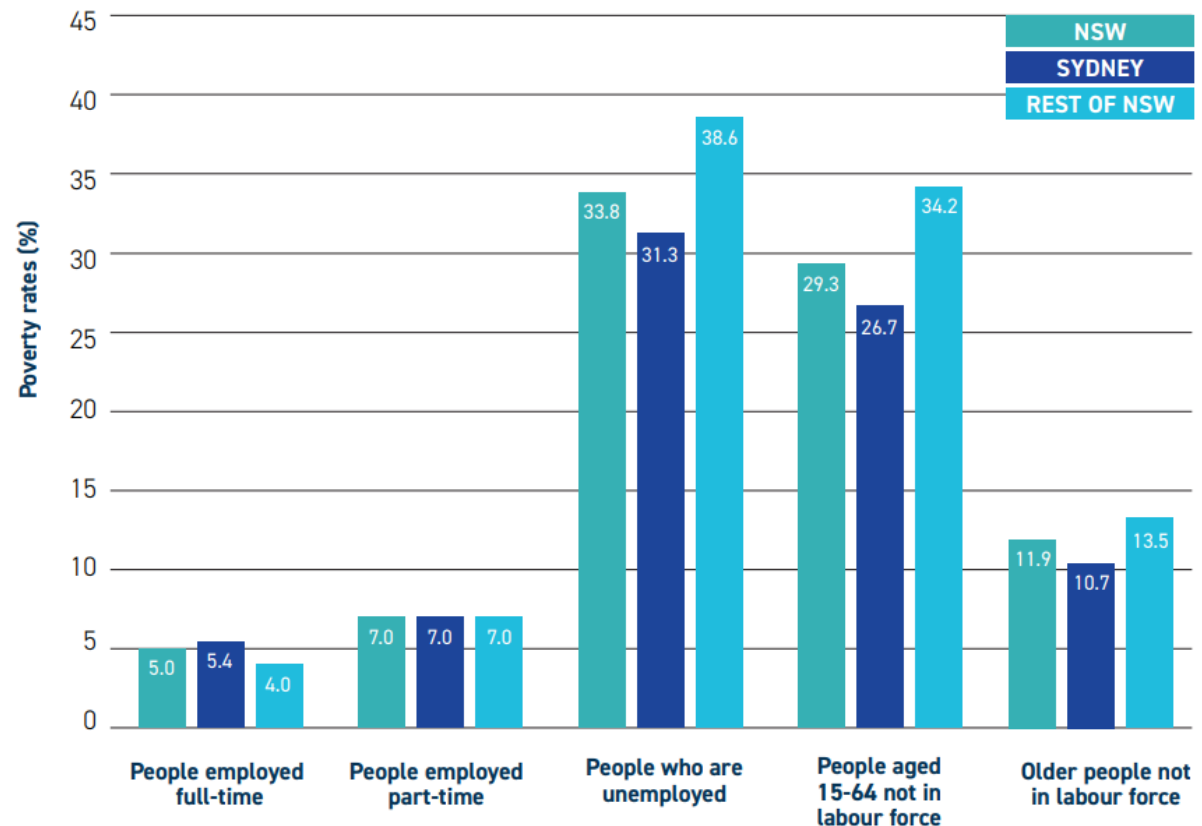
Access to transport ensures that people can reach essential services.

# Disadvantage and employment

## People in poverty:

- working full-time: 107,000
- working part-time: 76,000
- unemployed: 66,800

Figure 18: Poverty rates by labour force status





# Disadvantage and employment

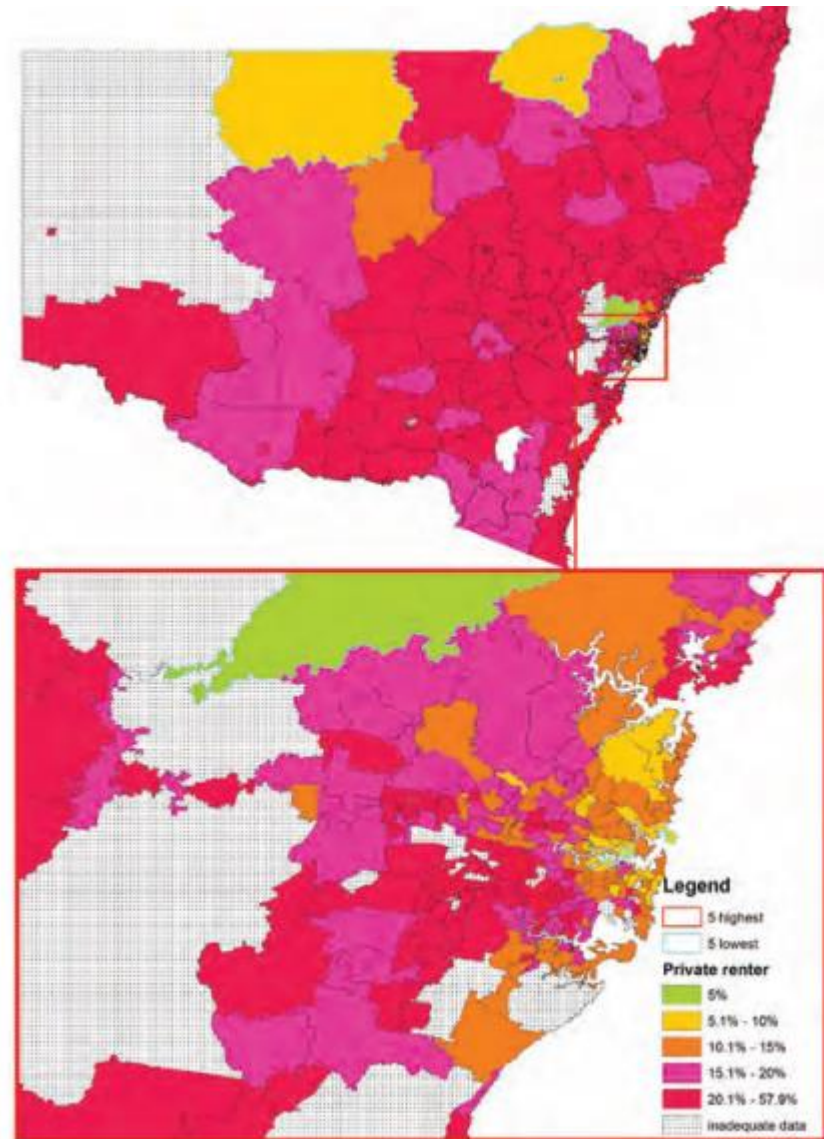
In greater Sydney, some areas in the Western suburbs of Sydney, more than one in ten people working full-time live below the poverty line.

<b>Statistical Area 2</b>	<b>Poverty rate for people working full-time (per cent)</b>
Guildford	10.1
Strathfield South	10.6
Punchbowl	10.8
Greenacre-Mount Lewis	11.8

# Disadvantage and renting

Rates of poverty for private renters in Sydney are 17.6%.

This rate intensifies across western, south western and north western suburbs.



# Key issues for NCOSS

- Proposed concessions and programs are a positive step.
- Other proposed measures may have unintended consequences or negative impacts.
- A more robust concession scheme will provide safeguards.
- Consultation is essential for effective programs targeting people with disability and 'vulnerable' people.

# Cost of living in NSW

The basics including housing, food and transport cost a single person a minimum of \$433 per week.

The single rate of Newstart is \$282 per week. This is more than \$100 per week below the poverty line, and less than 40% of the minimum wage.

Keeping up with bills and being able to access employment opportunities is essential to getting out of poverty.

# Example

- Single mother with two children, survives solely on Centrelink allowances of \$693 per week.
- After rent, she has under \$300 per week for all other essentials.
- Essential weekly travel includes English classes, employment services (required by Centrelink), shopping, parental visits, attending worship with children (concession fares).
- Family travel costs \$62.60 per week or 21 % of her income.
- A gold concession would save her \$7.50 each week.

# Presentation on Opal Fares to IPART – 11 February 2020

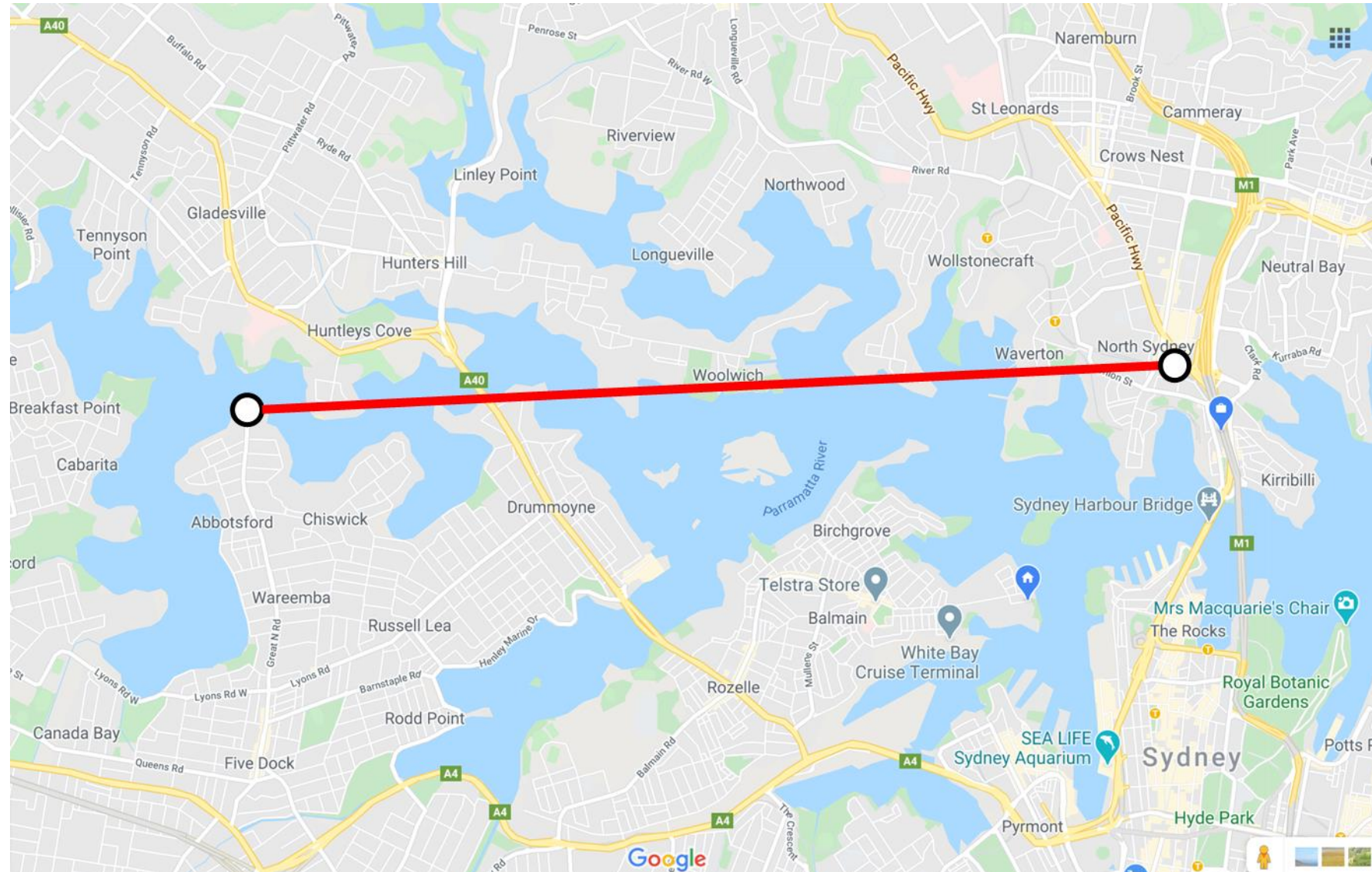
Robin Sandell





Sydney's geography can make it difficult to travel between some origin-destination pairs.

A ferry is often the only practical PT mode available.

eg Abbotsford ↔  
North Sydney



# The ferry + bus option:



HomePlanTickets and OpalTravel infoHelp and contact

Leaving 14 hours

**07:48 - 08:14** 26min

1min

Wheelchair icon

Opal icon

**\$6.36**

07:48 **F** Abbotsford Wharf, Abbotsford

Abbotsford (Stop ID 20461)

08:05 **F3** Circular Quay

Parramatta River to Circular Quay

Opal icon

**\$6.12**

08:05 **B** McMahon's Point Wharf, Side A, McMahon's Point

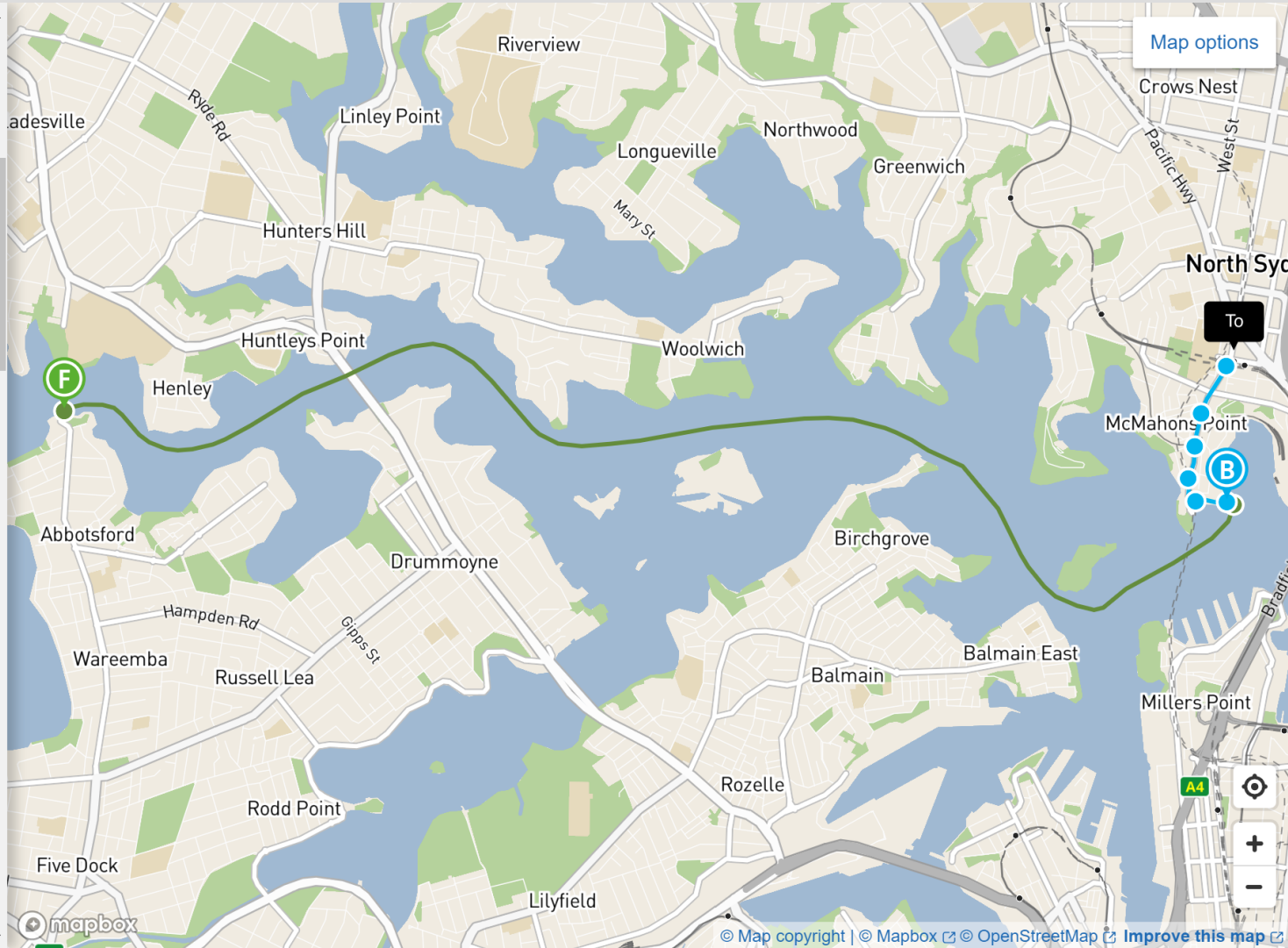
McMahon's Point (Stop ID 206036)

Walk 2min (29m)

Show directions

08:08 **B** McMahon's Point Wharf, Henry Laws Point

McMahon's Point (Stop ID 206036)





# The bus only option:

NSW GOVERNMENT | Transport

Home Plan Tickets and Opal Travel info Help and contact

7:45, Tomorrow (Fri) Refine

Earlier Clear Favourite

Leaving 13 hours  
07:50 - 09:05 1h 15min  
\$4.80

Leaving 14 hours  
08:06 - 09:13 1h 7min  
\$4.80

Leaving 14 hours  
08:07 - 09:22 1h 15min  
\$3.73

Refresh results

Map options

Map copyright | Mapbox | OpenStreetMap | Improve this map

Other Transport sites:

[Transport for NSW](#)

[Roads & Maritime](#)

[Live Traffic](#)

[Facebook](#)

[Twitter](#)

[YouTube](#)

[Instagram](#)

# Public transport choices for “Anne” from Abbotsford:

**Journey origin: Abbotsford**

**Destination: North Sydney**

	Ferry + Bus	Bus only
Departure time:	7:48 am	7:50 am
Arrival time:	8:14 am	9:05 am
Total journey time:	26 mins (17 min ferry)	75 mins
Total distance travelled:	9.1 km (7.9 km ferry; 1.2 km bus)	16.9 km
Opal fare (adult single):	\$6.36 (\$6.12 ferry; \$0.24 bus)	\$4.80

## Other examples of public transport “choices”

Origin	Destination	Ferry or Ferry + Bus	Bus only	Time difference
Cabarita	North Sydney	31 mins	93 mins	+ 62 mins
Kissing Point	North Sydney	37 mins	73 mins	+ 36 mins
Balmain	North Sydney	16 mins	58 mins	+ 42 mins
Balmain East	North Sydney	15 mins	61 mins	+ 46 mins
Abbotsford	Barangaroo	28 mins	66 mins	+ 38 mins
Cabarita	Barangaroo	33 mins	96 mins	+ 66 mins
Kissing Point	Barangaroo	39 mins	64 mins	+ 25 mins
Balmain East	Barangaroo	6 mins	42 mins	+ 36 mins
		Average time difference:		+ 44 mins

# Are ferries the most costly mode to operate?

## Operating cost per passenger km of NSW PT modes:

	Light Rail	Ferry	Bus	Train
Median trip distance:	1.9 km	4.8 km	3.7 km	14.9 km
Operating cost per trip:	\$4.80	\$9.30	\$3.80	\$11.20
Cost per passenger km:	\$2.53	\$1.94	\$1.03	\$0.75

# Opal fares 2020

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11 February 2020

## We assessed stakeholders' ideas against the factors in the legislation and terms of reference

These are summarised in the objectives below

There are trade-offs between these objectives - not all options will meet the objectives to the same degree

Do the fares **encourage people to use public transport?**

Are they **affordable for public transport passengers?**



Do they **maximise the benefits of public transport use to the community**

Do the fares deliver a **financially sustainable network?**

Are they **predictable and stable over time?**

### How we assessed fare options

1

We developed fare options that would continue to be affordable for different types of passengers and improve the financial sustainability of the public transport network.

2

We then modelled what would happen to fare revenue, costs, and community benefits if those fares were in place.



# IPART's draft recommendations



## Higher single fares

Fares for occasional users would increase by an average of 5% each year.

## Discounts for more passengers

Currently there are discounts for heavy public transport users, including 50% off after 8 trips in a week, and a \$50 weekly cap. New passes should be introduced for passengers travelling 3-4 days a week that are discounted compared to the single fare.

## More off-peak fares

There are currently off-peak fare for trains. Introducing off-peak fares for bus and light rail as well would reduce infrastructure costs over the long term by encouraging some passengers to travel outside the peak.

## More integrated fares

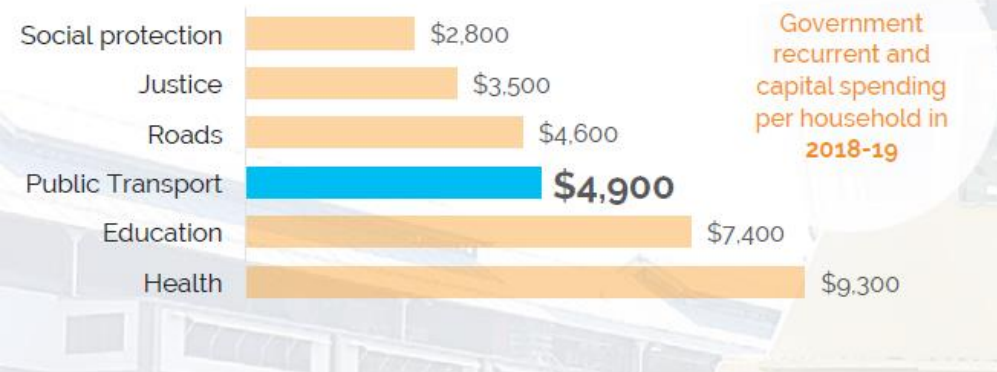
To encourage efficient delivery and operation of the network, travel passes should be introduced so that passengers pay the same regardless if they travel on train, bus, or light rail.

## Greater access for low income passengers

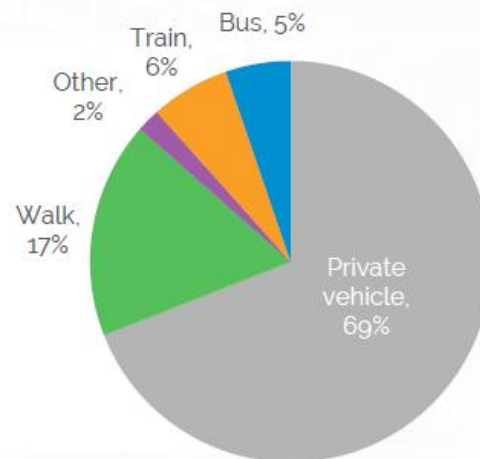
Lower fare options should be available for healthcare card holders to reduce barriers to participation in the community.



This year the NSW Government will spend **\$4,900** per household on **public transport**



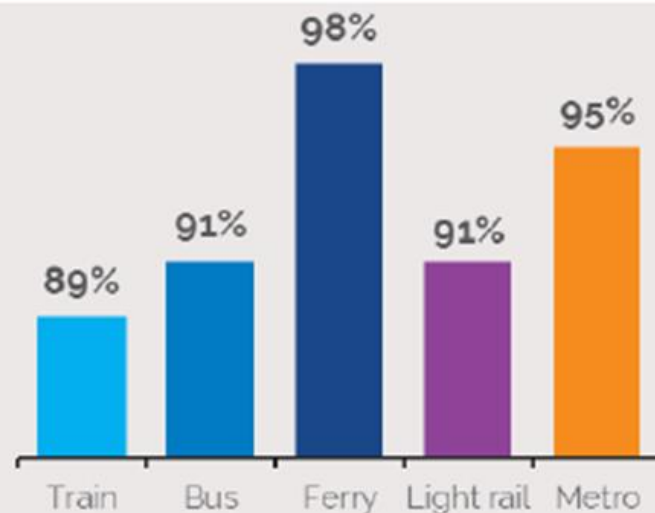
Around **12%** of all trips in Sydney are made using public transport





### Customer satisfaction is high

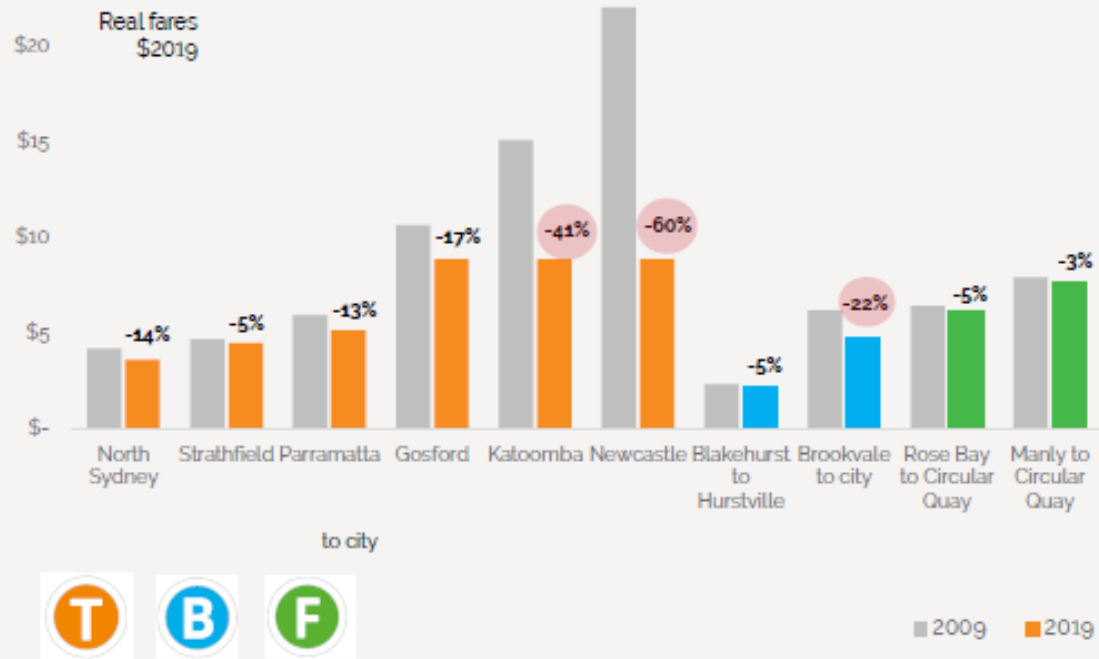
TfNSW's Customer Satisfaction Index 2019 reported increased customer satisfaction with train, bus and ferry services since 2018, with stable satisfaction for light rail services



Data source: TfNSW, *Customer Satisfaction index*, May 2019.



## Single fares have fallen significantly in real terms over the last ten years



## Benefits of public transport to the community

We considered how the community benefits would change under each of the fare options we modelled and found that each option would make very little difference. However, we also found that:

**\$↑** If passengers were asked to pay **significantly more** than current fares, **road congestion would be noticeably worse** in some areas – for example, doubling public transport fares for single journeys, could add about 10 minutes to a commute on Parramatta Road in the morning peak.

**\$↓** If fares were significantly lower, or even free, the cost to the community is likely to outweigh the benefits, as **traffic congestion does not continue to fall at the same rate** as fares are reduced.

### DOUBLING FARES

likely to add

**10 mins**

to travel the last 6 km  
on Parramatta Rd  
in the AM peak



20 KM PUBLIC  
TRANSPORT  
JOURNEY  
=  
\$10 COMMUNITY  
BENEFITS

When a person who travels 20 km on a train or a bus instead of driving, they provide a benefit to the community of around \$10 a trip – mostly from avoided road congestion.

Public transport services are subsidised by taxpayers to recognise these benefits.

## Current discounts

50%

**discount off the  
fare once 8 trips  
have been made**

Of the 28% of  
customers receiving  
frequency discounts,  
93% travel at least 5  
days a week



\$50

**weekly cap**

Of the 4% of  
customers receiving  
the weekly cap,  
86% travel at least 5  
days a week



Excludes child and Gold Opal cards

You can get a **Health Care Card** if you:

- ▼ Live in Australia
- ▼ Get some payments or supplements from the Department of Human Services
- ▼ Meet the age rules of the payment you get.

Payments or supplements include:

- ▼ ABSTUDY living allowance
- ▼ Austudy
- ▼ Carer Allowance if you care for a child under 16 - the card is for the child in your care
- ▼ Carer Payment for short term care under 6 months
- ▼ Family Tax Benefit Part A at the maximum rate
- ▼ Farm Household Allowance
- ▼ Mobility Allowance if you don't get Disability Support Pension
- ▼ Newstart Allowance
- ▼ Parenting Payment partnered
- ▼ Partner Allowance
- ▼ Sickness Allowance
- ▼ Special Benefit
- ▼ Widow Allowance
- ▼ Youth Allowance.

Your card is valid for one year and will automatically renew if you remain eligible.

You can get a **Low Income Health Care Card** if you're either:

- ▼ Nineteen or older
- ▼ Younger than 19 and are independent
- ▼ Younger than 19 and eligible for Family Tax Benefit.

You must be an Australian resident and live in Australia, or hold one of the following visas:

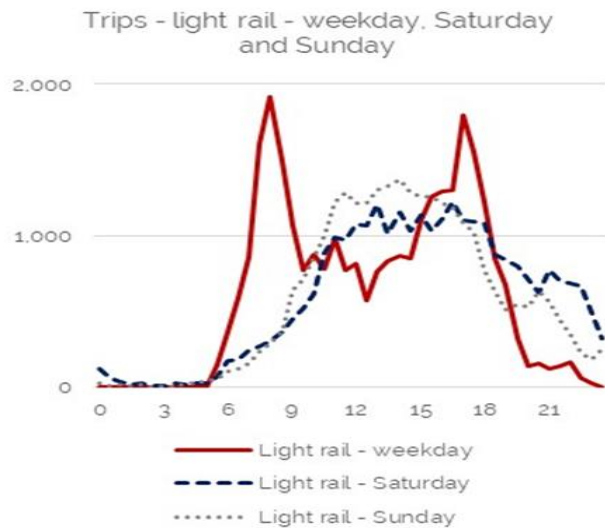
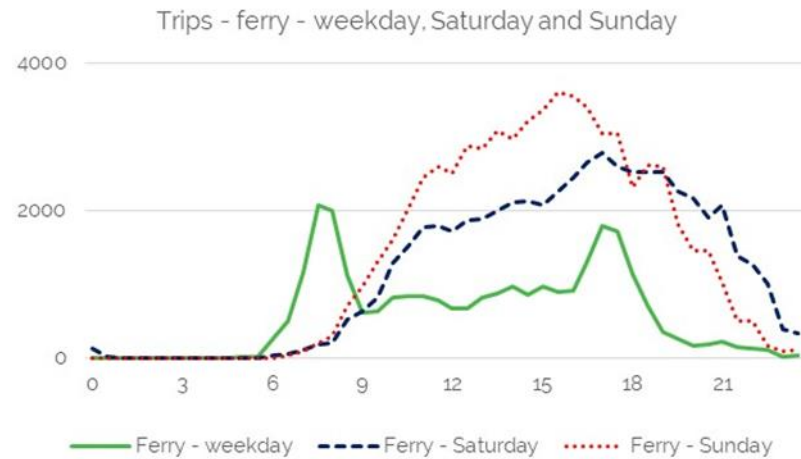
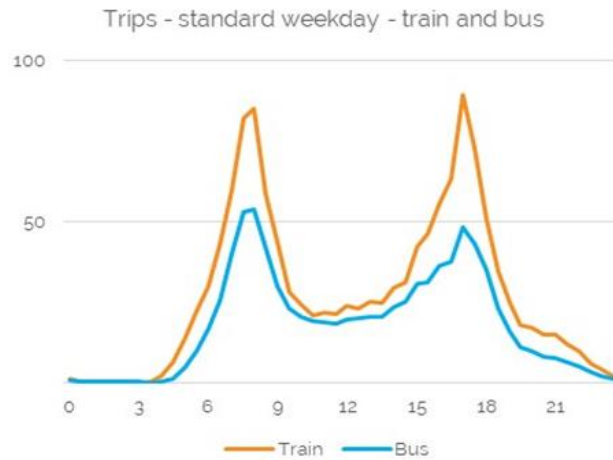
- ▼ Permanent residence visa holder
- ▼ Special Category visa
- ▼ Partner provisional visa subclass
- ▼ Temporary protection visa.

You must also meet an income test. Your card is valid for one year. You must renew your card each year.

**Table 1** Income test limits for Low Income Health Care Card (Gross income)

Status	Weekly income	Income in an 8 week period
Single, no children	\$564	\$4,512
Couple combined, no children	\$974	\$7,792
Single, 1 dependent child	\$974	\$7,792
Couple combined, 1 child	\$1,008	\$8,064
For each extra child, add	\$34	\$272

Source: Australian Government Department of Human services, *Income Test*  
<https://www.humanservices.gov.au/individuals/services/centrelink/low-income-health-care-card/who-can-get-card/income-test>,  
accessed 29 November 2019.



**Like for trains, the highest number of journeys on buses and light rail occur during the peak.**

The size of the fleet (buses and carriages) is procured to meet peak demand, so the costs to serve passengers are lower outside peak periods.