

Where to with Fares?

Introduction

The purpose of this submission is to present the complex range of public transport fares that is offered currently to the people of NSW and to hopefully draw conclusions as to the direction to take for some sort of rational and equitable simplification of this range to be achieved.

Present Range

A complete list of the present fares and their availability by operator is presented below. Separate tables are presented for single mode and multi mode fares, each with some accompanying descriptive matter that, while sufficient for the purposes of this submission, may not be 100% accurate. "Other operators" covers a number of smaller providers, such as the Monorail, Explorer Bus and private ferry services.

Single Mode Fares	Rail	Gov Bus	Pte Bus	Gov Ferry	Other
Single	Yes	Yes	Yes	Yes	Yes
2 hour	-	Part	-	-	-
Return	Yes	-	-	Yes	-
Off-peak Return	Yes	-	-	-	-
All Day	Part	Yes	-	-	Part
10 Trip	-	Yes	Yes	Yes	-
7 Day	Yes	Part	Part	-	Part
FlexPass	Yes	-	-	-	-

Single

All operators offer a basic single fare, but there are differences. The Rail fare comprises a minimum fixed amount plus an increment based on the actual distance travelled. Vehicle transfers are allowed, but travel beyond the nominated station is not allowed even where the fare is the same. The Government Bus and the proposed Private Bus fares also comprise a fixed and variable amount, but the increment is based on the number of 1.6km Sections transited, rather than the exact distance. In general, Vehicle transfers are not allowed but there are particular exceptions. Government Ferry fares are distance based, but usually a flat fare applies, as there is only one, or a number of grouped, destinations. For Other operators, a flat fare is the norm but there are some instances of distance variable fares. Due to the differing fares, there can be no universal single ticket for use on multiple operators, as in some cities.

2 hour	This fare allows single travel with vehicle transfer within a given time period. It is only offered by the Newcastle Government Bus operator.
Return	This fare allows same day return travel to the point of origin of the outward travel, or any stop short of that origin, on the same day. It is a traditional railway product, originally to accommodate an absence of booking facilities at the destination end but now more for convenience. There is no discount to two single fares. The Rail and Ferry operators offer such Return fares.
Off-peak Return	This fare offers a discounted same day return fare after 9:00 am weekdays or anytime at weekends. It is particularly suited to the rail environment where off-peak capacity is available at low marginal cost. Contra-peak travel is not recognised as off-peak. Only the Rail operator offers an off-peak return fare.
All Day	The Rail operator offers a range of CityHopper fares that allow all day travel in the inner Sydney city area plus one return journey from any other station. The Government Bus operator has a BusTripper that allows unrestricted all day travel in Sydney. Some of the Other operators offer all day fares.
10 Trip	A 10 Trip fare is particularly suited to bus operators, where the bus driver is also the sales point, as its use improves boarding times. As such, there is a benefit to the operator that warrants a discount being offered. The Government Bus operator offers a range of 10 Trip tickets (TravelTen) covering all section ranges, and it appears that the same tickets will be valid for Private Bus operators. However, a customer needs to carry more than one TravelTen when making regular bus trips of different section ranges. The Government Ferry operator also offers 10 Trip tickets (FerryTen), but the operator benefit comes mainly from the wider availability of such tickets.
7 Day	The original Rail weekly was a six-day product, valid for one return journey each day, with forward travel to be completed by 8:30 am ahead of the “white collar” peak. With the fall in “blue collar” rail patronage, the Rail weekly has evolved into a full seven-day product with no restrictions on time or use between the origin and destination stations. The Rail 7 Day fare is set at less than 10 single fares with the discount increasing significantly with distance to reflect its “blue collar” heritage. The Government Bus operator also offers a 7 Day fare, but this is really a TravelPass product (see below in multi-mode fares). It allows seven-day travel in any pair of bus zones excluding the central Zone 1. Seven day travel in Zone 1 is covered by any TravelPass with Rail validity. Some Private Bus operators have offered 7 Day fares, but their continuance under the MOT uniform fare scales is not clear. 7 Day fares are also offered by some of the Other operators.

FlexiPass

The Rail operator offers unrestricted travel between any two stations for periods from 28 to 365 days through FlexiPass fares. The 28-day fare is priced a little below four 7 Day fares, and the discount increases slowly with the period towards 365 days.

Multi Mode Fares	Rail	Gov Bus	Pte Bus	Gov Ferry	Other
Day Tripper	Yes	Yes	-	Yes	-
Link Tickets	Yes	Part	-	Part	-
Airport Line	Yes	-	-	-	-
Bus Plus	Part	-	Part	-	-
TravelPass	Part	Yes	-	Yes	-
Senior Excursion	Yes	Yes	Yes	Yes	-

DayTripper

The DayTripper covers all day travel by Rail, Government Bus and Government Ferry in Sydney with unlimited transfers between these operators. It is available from Rail stations, Government Bus TransitShops and Government Ferry terminals at Manly and Circular Quay. Presumably there is some process for attributing revenue to the participating operators. It is not presently considered suitable for the Other operators.

Link Tickets

Link Tickets are available to a small number of off rail destinations as a combined rail and bus/ferry fare, sometimes also covering venue admission as a convenience product. The fare is available for single, return and off-peak travel with the required operator transfer, but is not discounted from the sum of individual fares. Accordingly, revenue attribution is straightforward.

Airport Line

The Airport Line fare is a special case of a Link Fare, but with the additional payment going to the Airport Line station operator to cover the access charge.

Bus Plus

This is a joint product between Rail and some Private Bus operators for 7 Day unrestricted travel including transfer. The future of this product is not clear.

TravelPass

Each TravelPass covers unlimited travel by, and transfer between, Rail, Government Bus and Government Ferry for periods of one week, one month or one year. The fare increases with an expanding zone based coverage that is concentric to the Sydney CBD. Product availability is similar to that for the DayTripper.

Senior Excursion The Senior Excursion fare has all the convenience of the DayTripper, plus coverage of the entire Rail network and now also the Private Bus operators, but at a very low price pitched to pensioners and other senior citizens. It is widely available.

Observations

There are two key observations from the above tables. The first is that there is much variation in single mode products between the operators, but within this variation there is some degree of sensible matching of product choice with operator characteristics.

The second observation is that multi mode products in NSW have not, unlike in many other cities, been used to replace or simplify the range of single mode products, but just to add to the complexity of product choice.

Product Shortcomings

A number of the above fare products do have, at least from the view of some parties, significant shortcomings that need to be acknowledged.

10 Trip The pricing flexibility of 10 Trip fares is somewhat limited. It needs to be attractive to users, but not sacrifice to the operator too much more than the benefits achieved. Equity considerations also require pricing below a 7 Day single mode or TravelPass product covering a similar area due to the 10 Trip fare being less attractive to users.

7 Day The availability of unlimited travel over a seven-day period can produce inequitable outcomes. Some users are more able to take advantage of the additional travel opportunities at zero cost than others. Travel choices can also be influenced, as opportunities within the 7 Day fare will be preferred over those outside. Pricing probably needs to be below the equivalent of ten Single fares to be attractive, and there are social issues associated with the heritage low pricing of 7 Day Rail fares for long distances.

FlexiPass Similar comments as for the 7 Day fare above, but over the period of applicability for the FlexiPass

DayTripper The DayTripper is not being made available for travel with Private Bus operators.

TravelPass This is the only product that presently holds out any prospect of avoiding the interchange penalty that results from the inequitable payment of multiple single mode fares, each with their fixed element, to complete a multi mode journey. However, this prospect can only be realised for those for whom a weekly or longer format is suited. Occasional day use patterns, such as those suited to 10 Trip fares, are excluded. Similar comments to those made for the 7 Day fare above also apply to TravelPass, with the exception of travel choice which is more flexible here.

Pricing is a complex issue as TravelPass is both a multi modal and a periodical product. It needs to offer a discount over the sum of single mode fares to reduce the interchange penalty, but be priced at a premium to cover the enhanced range of opportunities. At present, only those with enough benefits will purchase TravelPass, limiting its appeal and denying all others any opportunity to gain equitably priced access to multi mode travel.

Where to from Here?

It's reasonable to believe that customers want a rational range of fares that cover multi mode travel opportunities, so that the choice of product is simple and the travel opportunities are flexible within easily understood boundaries. A fully implemented TravelPass range over different coverage areas for periods from two hours to one year, and replacing a number of other products, would maximise the access to equitable multi modal outcomes. Even the 10 Trip single mode product would evolve to a 10 Trip two hour TravelPass.

However, the periodical nature of TravelPass products means that there can be significant variations in individual usage for the same fare paid. TravelPass also tends to separate the fare paid from the operator performance. As observed previously, there is some degree of sensible matching of product choice with operator characteristics for single mode fares, and IPART is commissioned with maintaining a link between operator performance and pricing.

Under the widespread use of TravelPass, the IPART role would shift to managing the relationship between a common pool of TravelPass revenue and its allocation to individual operators based on performance, operating costs, and share of usage. Part of this management would be how to compensate high cost and premium operators alongside the mass Rail and Bus operators to achieve the highest possible penetration of a rationalised set of TravelPass products. It is likely that some operators would still need to remain outside the range of TravelPass products.

The Tcard facility can potentially support the TravelPass range with rationalisation, as 10 Trip fares and some other products should no longer be necessary. But Tcard offers other possibilities for achieving an equitable multi mode pricing outcome without resorting to the use of TravelPass products. As described by Peter Mills in an earlier submission to IPART 2004, this could involve the payment of individual single fares but the subsequent identification of those fares that should be linked to form a journey, and the return of the interchange penalty that results from the payment of multiple fixed elements. The magnitude of this penalty averages 44% for one transfer and 79% for two transfers, over the fare that would be paid for the same distance using only one operator, assuming the MOT bus fare proposals are adopted. Tcard potentially will be more inclusive of operators with cost structures that differ from the mass Rail and Bus operators.

The payment return process can be extended to cover other circumstances, such as rewards for regular use or compensation for concession travel, without some of the excess use and inflexibility constraints imposed by periodical fares.

Conclusion

NSW has clung to a nexus between operator costs and fares, with the result that fare products have tended to be matched more to operator, than to customer, requirements. It is the IPART role to regulate this nexus.

Ubiquitous multi mode fares have been implemented successfully in a number of other cities, and these TravelPass schemes are popular with users due to product rationalisation and equitable pricing of multi mode travel. They do, however, throw up other equity issues concerned with excessive use and can weaken the link between revenue and operator.

Tcard may offer a win-win outcome; fares that match the multi-modal expectations of customers while maintaining a stronger link with operators and avoiding excessive use. Unfortunately, the full capabilities of Tcard are unknown, and the MOT is being excessively secretive; just like a typical male who thinks he is in command but doesn't know what to do next!

The direction should be clear. The inequity of multi mode travel needs to be acknowledged, rather than ignored, and a commitment made to implement a solution. TravelPass schemes are a known solution, but with some management and excess use problems. They should be the benchmark by which any Tcard based alternative is publicly assessed, and implemented if no better alternative is available.

Peter Mills