

Submission to

The Independent Pricing and Regulatory Tribunal (IPART)

2008 Review of Bus Fares

(Passenger Transport Act 1990)

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Ref: A08/1215

13 October 2008

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Council’s interest in the review

Waverley Council’s Strategic Plan recognises the importance for people of moving around easily and safely and identifies a number of directions relating to mobility to achieve an overall purpose:

Waverley is a place where traffic congestion is reduced and access and safety are improved, especially because people walk, cycle and use public transport much more, but also because they use cars and parking spaces more efficiently. (p.14)

Achieving this direction towards sustainability is underpinned by Council’s charter whose aspects include exercising community leadership, to manage the area in a manner that is consistent with and promotes the principles of ecologically sustainable development (ESD)(s8 Local Government Act 1993).

At a practical level, Council is introducing a scheme for staff to purchase TravelPasses by salary deduction. This practice emulates the initiative by other councils such as Canada Bay and North Sydney; and a local large trip generator, the University of New South Wales introduced this scheme to support its Environmental Management Plan (EMP). The UNSW aims to reduce the ecological footprint of the UNSW Community, an aim that arose in 1998 from its Draft Greenhouse Gas Reduction Strategy in 1998.

Waverley Council, with neighbouring Randwick and Woollahra Councils, also has a major ecological footprint project.

Therefore, Council and its community have a stakeholder interest in the proposal from the Ministry of Transport about changes to the discounted level of TravelPasses and its consideration by IPART, particularly to protect the environment.

In particular, we note that a factor for consideration of IPART under the Passenger Transport Act is not only to maintain ESD but also pricing policies in regard to protecting the environment:

the need to maintain ecologically sustainable development (within the meaning of section 6 of the Protection of the Environment Administration Act 1991) by appropriate pricing policies that take account of all of the feasible options to protect the environment (s28J(d)) [our emphasis]

Relevant reports and papers considered:

- *Submission to the Independent Pricing and Regulatory Tribunal (IPART) on Bus Fares for 2009*, New South Wales Ministry of Transport July 2008 ('MoT Submission')
- IPART's summary of the proposal given in '*Fact Sheet: Sydney, Wollongong, Central Coast, Blue Mountains and Hunter region buses – summary of proposals and review process*'
- *Passenger Transport Act 1990*; and the statutory factors for consideration at s28J
- Submission to IPART from Action for Public Transport.
- IPART (June 2008) *Determining CityRail's revenue requirement and how it should be funded - Discussion Paper*.
- SydneyBuses, CityRail, Sydney Ferries Corporation, *TravelPass 2008*.
- Ministry of Transport (June 2006) *Service Planning Guidelines: Sydney Contract Regions*.
<http://www.transport.nsw.gov.au/busreform/service-planning-guidelines.pdf>
- LM Wen, N Orr, C Millett and C Rissel (2006) "Driving to work and overweight and obesity: findings from the 2003 New South Wales Health Survey, Australia" *International Journal of Obesity* (2006) 30, 782–786
- World Health Organisation (WHO), 1999, *Charter On Transport, Environment And Health* EUR/ICP/EHCO 02 02 05/9 Rev.4 09009 – 16 June 1999
http://www.euro.who.int/document/peh-ehp/charter_transport.pdf

Scope of this Submission

This submission mainly covers the pricing of adult, full fare tickets for services in Metropolitan Sydney provided by SydneyBuses and the Sydney Ferries Corporation; and in particular, the pricing of the periodical TravelPasses and multi-trip tickets, TravelTens.

Currently, SydneyBuses offer quarterly and annual bus-only TravelPasses for two adjacent zones excluding the Sydney CBD (Zone 1). However, it is significant that following this review (relating to TravelPasses only with bus-only and bus-ferry components), IPART will turn its attention to the pricing of TravelPasses more broadly, that is with rail travel components (IPART Fact Sheet).

Main issue: proposal to reduce the discount on periodical and multi-trip tickets

This Submission's main concern is the Ministry of Transport's **proposal to reduce the discount** for periodical pre-paid tickets, that is the Weekly, Quarterly and Yearly TravelPasses. This concern is distinct from the issue of increasing fares, for which an increase of 5.45% is being sought and to which no objection is made.

Impacts on passengers

What is the MoT's rationale for the proposed reduction? The MoT's Submission (p.35) refers variously to

"TravelTens products would rise byThis will maintain a 20% discount ..relative to single fares

Sydney TravelPass products are recommended to rise by ...This will help bring discounts available on that product closer to the level of discounts available, more generally, across the network – in particular the 20% discount available on TravelTens – while maintaining affordability."

It appears that the MoT operating principle is that the rate of discount for periodical and multi-trip tickets be uniform, and no more than 20%. It also appears that this presumption is based on likely usage of services (p.36). In this respect, the zone system should be strengthened and extended as part of ticketing policy by the MoT.

Reducing the rate of discount for TravelPasses and TravelTens over the price of single fares reduces the financial incentive or reward to passengers to invest in a ticket with a higher upfront cost than a single fare. Therefore, the issue is not merely affordability but the risk of raising the threshold cost of ticket purchase. Reducing the rate of discount, as outlined by MoT, may significantly deter the purchase of periodical and multi-trip tickets. Our view is that IPART (and of course the MoT) needs to consider how the structuring of a holistic fares policy can facilitate the uptake of TravelPasses. This closely relates to service planning and provision.

TravelPass holders, entitled to unlimited travel, are more likely to use public transport than people who need to purchase single fare tickets or to use a multi-trip ticket. The characteristic of pre-paid, unlimited travel puts TravelPass holders on a similar footing to people who own a private motor vehicle whose (high) costs are not pay-as-you-go.

Frequent public transport use also builds some walking and/or cycling into the journey thereby contributing to the necessary physical activity for health of the population.

The benefits to TravelPass holders overflow to service providers and other passengers through the efficient boarding of buses, alleviation of congestion on the roads, and lowering the adverse environmental impacts of car use.

Impacts on employers in offering staff TravelPasses by salary deduction

Employers, as trip generators that affect traffic congestion in metropolitan Sydney, can offer their staff TravelPasses by salary deduction, as described above. The expectation and demand for on-site or nearby car parking for commuting to work can be reduced by the employer's provision of these schemes.

Waverley Council is advised that SydneyBuses is intending to "roll out" a campaign to promote the uptake of these schemes by more employers in the corporate sector, and it is suggested that local councils be encouraged to participate. In this regard, Councils are in a special position to demonstrate corporate leadership in their communities.

While these schemes have obvious benefit to employers and employees, greater uptake of TravelPasses produces further benefits, such as

- The greater use of public transport at weekends when the use of trips by private motor vehicle is increasing and when traffic congestion is becoming more frequent.
- Reducing transaction costs of service providers in selling tickets, particularly at peak hours on week days.
- Assisting traffic management bodies, notably the RTA and local Councils, in reducing the volume of private motor vehicles on the roads.
- Supporting the Ministry of Transport in increasing the share of public transport use over private motor vehicle use. This is an explicit aim of the *Service Planning Guidelines*, produced to fulfill the objects of the Passenger Transport Act 1990 following the Unsworth Bus Review.
- Helping other government agencies, with inter-sectoral responsibilities, and the general public, in reducing the many adverse impacts of private motor vehicle use (e.g. Action for Air, WHO Charter on Transport, Environment and Health) and enabling the greater use of healthy, active travel (Wen & others 2006).

Factors that IPART must consider when making its decision

Under the Passenger Transport Act, IPART is authorized to make fare determinations for regular bus services (Division 3, Sub-Division 4) and obliged to investigate and report to the Minister on specific factors (section 28J(5)).

IPART refers to these statutory factors in making its decision (such as the cost of providing services and the impact of fare increases on passengers) and states that “it is helpful if submissions address those factors.”

The responsibility assumed by employers in offering and promoting travel to work by public transport has a social equity benefit as well – a statutory factor for consideration by IPART (s28J(5)(e)).

These specific factors are quoted below:

“28J Determination of maximum fare pricing policy for regular bus services

- (5) In making a determination under this section, the Tribunal is to consider the following matters:*
- (a) the cost of providing the services concerned,*
 - (b) the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service,*
 - (c) the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers,*
 - (d) the need to maintain ecologically sustainable development (within the meaning of section 6 of the [Protection of the Environment Administration Act 1991](#)) by appropriate pricing policies that take account of all of the feasible options to protect the environment,*
 - (e) the social impact of the determination,*
 - (f) standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise) and any suggested or actual changes to those standards,*
 - (g) contractual arrangements prevailing in the industry,*
 - (h) such other matters as the Tribunal considers relevant.”*

IPART’s Fact Sheet acknowledges its statutory obligation to consider the factors listed under section 28J Passenger Transport Act. However, whereas this Fact Sheet lists a factor as

“the need to maintain ecologically sustainable development”

it has omitted the statutory obligation on IPART to consider *appropriate pricing policies that take account of all of the feasible options to protect the environment* (s28J(5)(d)).

What is the possible effect of this omission? Have ‘appropriate pricing policies that take account of all the feasible options to protect the environment’ been addressed in the MoT’s submission and IPART’s Fact Sheet? We do not believe so.

In terms of 'feasible options', a leader would be the use of zone-based fares, in place of distance-based fares, and the removal of flag-fall charges associated with changing mode. As part of protecting the environment, ticketing systems that provide any price-based or other motivation to use public transport rather than private cars are significant options worthy of attention.

With an updated account of the relative environmental and social merits of public transport availability, it would also be appropriate to revisit the presumption to increase the financial contribution of passengers rather than tax income to the expenditures by SydneyBuses and CityRail (cf IPART June 2008).

The concept of user-pays appears to have become linked by MoT, and the Public Transport Ticketing Corporation, with its application to public transport for distance-based fares. For urban mobility by public transport, in the context of ESD, the 'use' is the service, not the distance traveled as the aim is to deter private motor vehicle use.

A process for considering and assessing *all of the feasible options to protect the environment* could be devised through a positive working relationships between State agencies and local councils, transport service providers and system users; environmental, energy, land-use planning, housing and development officials and organizations; citizen advocates; and the general public. This approach would then resemble good international practice.

Other issues

Electronic integrated ticketing & Zone-based fares

The complexity of the current fares and ticket structures needs urgent attention. It is essential that IPART and the NSW Government recognize the merit of zone-based fares over distance-based fares (these also deter multi-modal travel and thus act as a deterrent to public transport travel resulting in reliance on cars).

The rationalization of public tickets in the Sydney metropolitan region needs to be a pre-condition to the design and introduction of electronic integrated ticketing.

Simplifying fares, tickets and bulk purchase arrangements

Employer schemes for staff TravelPasses by salary deduction could be greatly enhanced by a single point of contact.

In the future, it would be advisable to link the process of consultation about fares, ticketing and service provision to the existing process outlined in the *Service Planning Guidelines* that brings transport service providers, local councils and trip generators and the general community together.

Summary of response to MoT's Fare Proposal

IPART's Fact Sheet (p.3) summarises the MoT's four proposals on fares as follows:

The Ministry of Transport's fare proposal

The Ministry of Transport has proposed the following fare changes in January 2009:

- ▼ Single bus fares should increase by 5.45 per cent (this is between 10 cents and 30 cents a ticket depending on how far you are travelling)
- ▼ Traveltens should remain at a 20 per cent discount to the cost of ten single tickets – this means increases of 80 cents for Blue Traveltens, \$1.60 for Brown, Red and Green Traveltens and \$2.40 for Orange Traveltens.
- ▼ T-Way 10s (ten bus trips on the Liverpool to Parramatta Transitway and the North West Transitway) should be set at a 20 per cent discount compared to ten single T-Way tickets – for most T-Way 10s this will mean a small price reduction but the 3-5 section ticket would go up by 10 cents.
- ▼ Weekly Travelpasses should increase by between \$2 and \$6 – for Travelpasses without a rail component this is a percentage increase of between 6 and 18 per cent.

The fares proposed by the Ministry of Transport are set out in Appendix A.

In response, this submission is

- generally supportive of the proposal to increase in single bus fares.
- supportive of the need to retain 20% discount for TravelTens relative to the cost of ten single tickets.
- in principle, supportive for the proposal to extend the 20% discount to T-way 10s.
- objecting to the explicit proposal to reduce the discount for Weekly TravelPasses
- very strongly objecting to MoT's invitation to IPART to apply a similar approach and reduce discounts for Quarterly and Yearly TravelPasses. This suggestion needs proper investigation and consideration of each of the factors, particularly whether reducing the discount is an appropriate option to protect the environment.

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