

14th May 2009

Dr Michael Keating, AC
Chairman,
Independent Pricing and Regulatory Tribunal,
Market St,
Sydney.

Dear Dr Keating,

Submission on "Review of fares for metropolitan and outer metropolitan bus services from January 2010"

Thankyou for the opportunity to make this submission on Bus fares for 2010. I make this submission as an individual. I do not represent the view of my employer or any other organisation. Although I do not reside in Australia, I remain a taxpayer, so consider myself to remain a stakeholder in that sense.

IPART's latest paper, "Review of fares for metropolitan and outer metropolitan bus services from January 2010", appears to satisfy half of IPART's role envisaged in the IPART Act 1992 (Sect 11, 1 A) as it relates to assessment of the justification of prices and efficient costs. It is however hopelessly deficient in respect of the other half of IPART's role, Pricing Policies (Sect 11, 1 B), being "policies relating to the level or structure of prices for services".

In fact I think IPART's report is largely diversionary. It offers heaps of "efficient cost" methodology, consultant commissions and assorted minutiae, but completely fails to address the huge significance of impending structural changes to the pricing regime, steam-rolled in on the basis of serving the needs of new technology. While the general report is framed in the context of 0%-10% service prices changes (as has been customary for the last 14 years), there is at least one elephant in the room, with price implications of more in the order of 100% for multi-modal and broken journeys. It is in these journeys (known as chained trips and linked trips to transport planners), where Sydney's public transport pricing is already most inequitable and incompatible with serving modern journey form expectations. I think the crux of this risk is represented in these positions of IPART and its view of "government policy":

"The introduction of an electronic smartcard ticketing system will allow a consistent approach to fares to be introduced. However, to some extent the approach will be affected by both government policy on electronic fares and the technological limitations of the system selected. Any decision made by IPART in the course of this review should facilitate the smooth introduction of the planned electronic ticketing system." (p10)

"The fare setting approach and resulting fares should: ...

2. Facilitate the introduction of integrated ticketing by maintaining a simple fare structure to enable a smooth transition to the new e-ticket regime." (p18)

“In addition to simplifying fares for passengers, fare harmonisation will more easily facilitate the inclusion of Newcastle in the proposed integrated electronic ticketing system that the Government is working towards.” (p41)

“It is government policy that electronic ticket fares will be distance-based – that is, their price will comprise a flagfall charge and per kilometre (or per section) charge. IPART considers that its fare determination should facilitate the transition to such a system. Moving away from a distance-based fare structure that is harmonised across regions would complicate the introduction and viability of integrated electronic ticketing and most probably delay its introduction. Ultimately a simple, consistent fare regime that includes integrated electronic ticketing should lead to more efficient public transport which will benefit both the users and taxpayers of NSW.” (p45)

All of these statements point towards an undercurrent of redefining the pricing structure of public transport in NSW as one that is centrally and solely distance-based, comprised of a flag-fall and a unit distance charge (or some similar regressive price curve). There are oblique references to “government policy”, though no references, press releases etc, are cited for these pivotal statements. By comparison IPART cites a single traveller’s submission as evidence that the Newcastle time system needs to be abolished. The above quotes conveniently overlook the central question of “when is the flag fall charged?” and “what is a journey?” (e.g., when does a break between trips make two trips two journeys?). Amazingly IPART commissions efficient-cost consultant reports, while not having defined the service for which it is setting prices. What is the point of knowing what efficient costs are if you haven’t any idea how to recover those costs from the user in a way that is equitable and represents usage? It is merely an entertaining intellectual pursuit with no anchoring to reality.

It remains that a traveller on Sydney’s public transport can easily accrue double the charge for breaking their journey out of necessity, compared to a traveller on a single vehicle for a given distance. In the absence of integrated ticketing (and I mean this in the sense that is used everywhere in the world outside NSW), i.e. under the structure referred to in the above quotes, those undertaking broken journeys will have no reprieve in the time-zone Travelpass or Newcastle time system.

The good old Ministry/ T-Card authority position (and more recently IPART) that multi-modal ticketing is merely “useable on all metropolitan and outer metropolitan bus services, CityRail services and Sydney Ferries services” (p9) is trite in the extreme. In this sense, cash is no less multi-modal than the proposed system; it too is useable on all services. Multi-modal is not about merely whether one can use it. It is about a pricing structure, revenue sharing, and equitable recovery of cost-for the transportation service. This ongoing trivialisation in NSW of what integration means is the root cause of bureaucratic dithering that has squandered 10 years and countless tens of millions of taxpayer dollars.

IPART touches on “flag fall rebates” as a means of addressing inequities of distance based fares (seemingly oblivious to the free transfer points that had existed in Government Bus services for some 30 years). But representatively of the cocoon in which transport planning in NSW resides, IPART ignores the rejection of these complicated and unsuccessful systems elsewhere in the world (including Melbourne, Perth and Brisbane) in favour of time-zone fares.

I draw IPART's attention again to my submission of five years ago, because it illuminates how NSW got into its present strange situation, and the remedies still hold true:

<http://www.ipart.nsw.gov.au/files/SUBMISSION%20-%20Bus%20Fare%20Review%202004%20-%20Caldwell%20Mr%20David%20-%20S6190.pdf>

It appears that since that time there has been someone in IPART pushing this agenda of abolition of time and zone based fares. This is evidenced by;

- Last year's rail determination report, which cited South Korea as an example to be followed to move from zone (TravelPass) to distance based fares, while ignoring the western world and all of the notably successful public transport systems
- Repeated statement that there is a policy of "distance based fares" and that everything is pointed to this end, although I am not aware that any such policy statement has ever been made- particularly with regard for its implications for multi-modal commuting.
- The desired abolition of Newcastle's time based fares

By comparison, for example in London, vast new investment and stakeholder engagement (multiple private train operators, private tram operators, private tube operator, a government tube operator, ferry operators, national government infrastructure owners, council infrastructure owners, etc) is aiming to expand "oyster" smartcard barriers on overground rail services, having already expanded the "Travel Card" revenue sharing to encompass London Trams. By the end of this year the Thames boat (ferry) services will also be added to the zone oyster Travel Card revenue sharing framework.

So while;

- Melbourne and Perth continue with zone fares, and recently Brisbane have implemented time-zone fares with an increase in patronage but an even bigger increase in revenue,
- London is continuing to develop and invest in the Oyster system on all Tube, Over ground, Heavy Rail, Docklands Light Rail, London Trams and soon is expanding it to Thames boats in the Greater London region
- The rest of the major western European and Scandinavian cities continue with time-zone ticketing

Sydney is, by comparison, continuing on IPART's tried and tested 10 year agenda of moving to distance based fares (supported by IPART last year with its example of South Korea), with no methodical basis as might have been expected under Sect 11-1-B of the Act. Does anyone notice something strange here?

Yours Sincerely,

David Caldwell.