

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

REVIEW OF PUBLIC TRANSPORT FARES IN SYDNEY AND SURROUNDS

Tribunal Members

**Dr Peter Boxall, Chairman
Ms Catherine Jones, Part-Time Member
Mr Ed Willett, Part-Time Member**

Members of the Secretariat

**Mr Hugo Harmstorf (CEO)
Mr Brett Everett
Ms Ineke Ogilvy
Ms Jessica Robinson
Mr Cato Jorgensen
Mr Mike Smart**

At

**The Masonic Centre
(SMC Conference and Function Centre)
66 Goulburn Street, Sydney**

On Tuesday, 15 September 2015, at 10am

1 THE CHAIRMAN: Welcome and good morning. My name is
2 Peter Boxall and I am the chairman of IPART. I would like
3 to begin by acknowledging that this hearing is being held
4 on the traditional lands of the Gadigal people of the
5 Eora Nation.
6
7 Thank you very much for making time to attend
8 this morning's public hearing looking at public transport
9 fares in Sydney.
10
11 With me today are my fellow Tribunal members,
12 Catherine Jones on my right and Ed Willett on my left. As
13 you know, IPART has been asked to review and determine the
14 maximum fares for public transport services on which the
15 Opal card can be used. This includes services in Sydney,
16 Newcastle, the Central Coast, Wollongong, the
17 Blue Mountains and the Hunter. This is the first time we
18 are reviewing both the structure and level of fares across
19 all rail, bus, ferry and light rail services at the same
20 time.
21
22 With the roll-out of Opal now largely complete, there
23 is an opportunity to consider a range of fare options that
24 were previously not practical under paper tickets and look
25 at where improvements should and could be made. We are
26 looking at not only how much passengers should pay but also
27 whether charges should be based on the type of transport
28 used, the time a journey occurs, the distance travelled and
29 how often people travel.
30
31 We are now part-way through our review and have
32 released two papers as part of our public consultation.
33 In July, we released an issues paper that mainly focused on
34 whether changes should be made to the fare structure for
35 Opal. We sought people's views on several areas of fare
36 structure, including whether fares should be more
37 integrated, whether people who travel further should pay
38 more than those who travel shorter distances, and whether
39 peak and off-peak pricing should be extended from trains to
40 buses, ferries and light rail.
41
42 We have had a lot of useful feedback to this paper and
43 we would like to thank everyone who has made a submission
44 or responded to our on-line survey. We have received
45 around 100 submissions and have had almost 2000 responses
46 to the survey.
47

1 As part of today's hearing we will be providing an
2 overview of the preliminary results of this survey and
3 seeking further comments on fare structure.
4
5 Last week we released a technical methodology paper
6 proposing a new way to set fare levels. Fares recover only
7 a small proportion of the total cost of providing public
8 transport services. New South Wales taxpayers pay the bulk
9 of this cost through a government subsidy. Given this, one
10 of our key decisions in determining fares is how much of
11 the total cost should be paid by public transport
12 passengers, through fares, and how much by the New South
13 Wales community, through the government subsidy.
14
15 In the past we have set fares by estimating the total
16 efficient cost of providing the service, allocating
17 a taxpayer contribution equal to the external benefits the
18 service provides, such as reduced traffic congestion and
19 pollution, and setting fares at a level to cover the
20 remaining costs. For this review, we are adding to this
21 approach by estimating "socially optimal" fares - that is,
22 the fares that maximise the overall welfare (net benefit to
23 both the individual and society as a whole) generated by
24 the use of public transport.
25
26 Today's public hearing is going to be broken into two
27 parts, corresponding to our two papers. First we will
28 discuss fare structure. We will then take a break for
29 morning tea and come back and discuss our proposed
30 approach to setting fares.
31
32 With respect to the hearing process, the IPART
33 Secretariat will run through some introductory comments in
34 each session and then we will hear from people who are
35 present. This is a public hearing and forms part of
36 a public consultation process that the Tribunal is
37 undertaking. Transcribers are present to record the
38 proceedings and the transcript will be publicly available.
39 So that we can have a complete record, please introduce
40 yourself when you start to speak. It is also important
41 that you speak slowly and clearly.
42
43 With that, I invite Jessica Robinson from the
44 Secretariat to start with our first session on fare
45 structure.
46
47 MS ROBINSON: Hi, today I will be breaking this

1 presentation up into four topics, and at the end of each
2 topic I will be asking a few questions and will be seeking
3 comments from around the table and also from the floor on
4 that topic.

5
6 These are the topics that we will be going through
7 today, but, firstly, for a bit of background, there has
8 been a number of changes that have already been made in the
9 last few years in the lead-up to Opal. The fare bands were
10 consolidated, so, for example, there used to be about
11 20 different distance bands on the train and now there are
12 only five; there has been more integration between modes,
13 so that trips that involve switching from one bus to
14 another or one ferry to another are now treated as one
15 journey for the purposes of calculating fares; and there
16 has also been more integration across modes, so there is
17 free travel after eight journeys have been made on any
18 mode, and the weekly and daily caps also apply to journeys
19 that have been made across all modes. Previously,
20 passengers had to opt in to a multi-modal discount by
21 buying a MyMulti ticket.

22
23 For this review, IPART has been asked to consider
24 whether further changes should be made to fare structure.
25 We are focusing on whether fares should be further
26 integrated or fully integrated and how fares should be set
27 to manage demand. As Peter said, we released an issues
28 paper looking at different options, and today I will be
29 running through the preliminary results of the survey as
30 I go through the options around how the fare structure for
31 Opal could be changed for our next determination.

32
33 Just a note: this survey was open to all members of
34 the public on our website on an opt-in basis, and the
35 results may not be representative of the whole community.

36
37 One of the questions that we asked in our survey was:
38 "If there was one thing you could change about Opal, what
39 would it be?" 30 per cent of the respondents said that
40 they would remove the penalty for transferring between
41 modes. Other major concerns were the discounting
42 arrangements for Opal and also logistical issues, like the
43 ability to top up at stations, and that the Opal card
44 readers are not always reliable.

45
46 I will start with fare integration. It is currently
47 more expensive to make a journey on two modes compared to

.15/09/2015 4

Transcript produced by DTI

1 travelling the same distance using just one mode. For
2 example, it costs \$4.50 to make a 25 kilometre journey in
3 the peak using only buses, \$4.82 using only trains, but it
4 can cost \$7.70 if the same passenger uses a train and
5 a bus.

6
7 Around 10 per cent of Opal journeys involve switching
8 modes. However, the graph on this slide shows that over
9 a week, across different journeys, 70 per cent of
10 respondents say that they use more than one mode.

11
12 Some people provided feedback on fare integration in
13 the survey. These are the types of comments that we
14 received:

15
16 One fare structure is the only way to go.
17 I don't choose which mode to use, that is
18 decided by the network rather than the
19 user.

20
21 and:

22
23 With the changes in the CBD it is more
24 important than ever before to have an
25 integrated fare network.

26
27 and:

28
29 We are serviced only by bus and ferry.
30 Currently I pay more to travel 6km than my
31 colleague who travels over 60km.

32
33 In the survey we suggested two ways that the transfer
34 penalty could be removed for passengers who switched modes,
35 by fully integrating fares or partially integrating fares.
36 22 per cent of respondents preferred the current fares,
37 where passengers pay separate fares for each mode and there
38 is no further integration. 42 per cent preferred fully
39 integrated fares, so that passengers are charged for the
40 straight-line distance between the origin and the
41 destination, regardless of the modes that are used.

42
43 This is the example of fully integrated fares that we
44 included in our survey. It shows that rather than having
45 three different fare schedules for each mode, which is
46 shown on the right, only one set of fares would apply.
47 This is how fares are charged in other capital cities

.15/09/2015 5

Transcript produced by DTI

1 around Australia.
2
3 Fully integrated fares would mean that the same peak
4 and off-peak fares would apply across all modes. This
5 would be quite a change, because currently peak fares only
6 apply to train journeys.
7
8 The second option we included in our survey is to keep
9 different fares for each mode but remove the transfer
10 penalty for multi-mode journeys. 36 per cent of
11 respondents preferred this option.
12
13 There are already some instances of partially
14 integrated fares in the New South Wales trains network.
15 For example, train services that were going to Newcastle
16 are now terminating at Hamilton and a shuttle bus is
17 operating between Hamilton and Newcastle while a light rail
18 line is being built. Rather than charging these passengers
19 a train fare and then a separate bus fare for this journey,
20 the passengers that are switching are being charged the
21 whole distance as if it was still being taken by train.
22
23 Other options that we discussed in our issues paper
24 were to only charge passengers for the mode that they use
25 to travel the furthest, or having something a bit closer to
26 integrated fares, where there is a single fare schedule but
27 a surcharge is applied to the fare if the journey includes
28 a ferry.
29
30 We also got some other suggestions through our survey.
31 The first was for a common flag fall that would be charged
32 just once per journey, regardless of the number of
33 switches, and then having a different per-kilometre rate
34 for each mode used. The second suggestion was to have the
35 same per kilometre rate for each mode but with a different
36 flag fall, with the passenger only paying the flag fall for
37 the most expensive mode. A third suggestion was for the
38 passenger to pay the full fare for the longer trip of a
39 multi-modal journey and a small fixed amount for any
40 additional mode that is used, like 50 cents or \$1.
41
42 So we have just a couple of questions now on
43 integrated fares. The first is, would removing penalties
44 for switching modes support more efficient use and delivery
45 of the transport network; and the second, if you think
46 there is value in making fares more integrated, which is
47 your preferred model of further integration - aligning

.15/09/2015 6

Transcript produced by DTI

1 fares for all modes, or different fares for each mode but
2 removing penalties for switching between them?
3
4 THE CHAIRMAN: Okay, thanks very much, Jess. So this is
5 the chance now to have an initial discussion on
6 integration. First I will call for comments from around
7 the table. Would anybody like to start? Bonnie?
8
9 MS PARFITT: Good morning, everyone, I am Bonnie Parfitt
10 from the City of Sydney. Firstly, can I say that the City
11 welcomes this review of the fare structure. One of the
12 really important things for us, as the city is changing, is
13 how the transport network will develop, particularly in the
14 city centre and the CBD. Obviously it will require more
15 people to switch between modes, and there is that issue
16 around transfer penalties that we constantly receive
17 comment about. So with regard to that first question
18 around removing penalties and the possibility to provide
19 a more efficient transport network, I think in light of all
20 the transport infrastructure that is being built in the
21 CBD - the Light Rail and the Sydney Metro Project - this is
22 really essential in terms of actually making that function,
23 because that will require, and it does require, a whole lot
24 of changes to things like the bus network and other parts
25 of the public transport network. So I think that it is
26 really important.
27
28 THE CHAIRMAN: Thank you very much, Bonnie. Tracy?
29
30 MS HOWE: Thank you. Tracy Howe, from the Council of
31 Social Service (New South Wales), peak body for the social
32 services sector in New South Wales. The constituents we
33 represent, broadly speaking, are those experiencing poverty
34 and disadvantage, so what we would say to this is that
35 NCOSS strongly supports the integration of Opal fares
36 across all modes of transport, and that this is actually in
37 keeping with the government's stated goal of increasing
38 patronage of public transport.
39
40 It is particularly concerning to us that there is an
41 impost on those who are most vulnerable, who live in
42 outlying areas, that they have these additional costs
43 imposed on them when they are trying to access education,
44 transport, child care and things of that nature. So just
45 for accessibility and inclusivity in itself, it is really
46 important. It disproportionately impacts these people and
47 we need to avoid that at all costs.

.15/09/2015 7

Transcript produced by DTI

1
2 THE CHAIRMAN: Thank you, Tracy. Jacqueline?
3
4 CR TOWNSEND: Hi. Thank you very much for inviting
5 SHOROC to present today. This is a very important topic for
6 us in the Northern Beaches. We have one mode of transport
7 north-south and that is by bus, which is going to be
8 significantly impacted by the changes in the city - and we
9 do welcome the change, although we don't welcome the
10 impact. So a more efficient way may be a change to our
11 residents getting on a ferry at Manly or otherwise getting
12 on a train, if they go east-west, out to one of the train
13 lines.
14
15 So for us in the Northern Beaches we would certainly
16 welcome removing the penalties, and that was part of our
17 submission. We support what Bonnie has just said on behalf
18 of the City of Sydney: it is an essential part of the Opal
19 card usage to have total integration of change of modes,
20 and especially for us on the Northern Beaches.
21
22 THE CHAIRMAN: Thank you very much Jacqueline.
23 Amelia?
24 MS CHRISTIE: Hi, I am Amelia Christie from the Combined
25 Pensioners and Superannuants Association. Our membership
26 are predominantly older people, people with disability and
27 low-income people, so people living on a pension.
28
29 For these people, most of them aren't affected by this
30 because they have the \$2.50 pensioner excursion ticket for
31 all-day travel, but, having said that, we are for a more
32 integrated transport system, so long as it doesn't result
33 in increased costs for people, particularly those who are
34 on another Centrelink benefit and are receiving half fares,
35 because a higher cost for them is certainly prohibitive.
36
37 THE CHAIRMAN: Thank you very much Amelia. Julie
38 Walton from Action for Public Transport?
39
40 MS WALTON: Thank you, Mr Boxall. Action for Public
41 Transport is a group that concerns itself with passengers
42 and passenger experience and the use of public transport
43 from the passenger perspective. We do believe that it is
44 a good idea to remove the penalties for switching between
45 modes, and we think it not only would support more
46 efficient use and delivery of the transport network, but it
47 is very important to the efficient operation of the city

.15/09/2015 8

Transcript produced by DTI

1 itself, and that it has a lot to offer, hearing from the
2 Council for Social Service and other groups, in terms of
3 allowing people in some areas to maximise their
4 productivity, their access to employment and their chances
5 in life. We think that that should never be overlooked,
6 that it is not just about the raw efficiency of the system.
7
8 Secondly, we think it is very good that in one of the
9 recent papers of IPART you have started to mention the word
10 "network". We think it is critical to understand that
11 that's what the public transport system is. It's
12 a network. It is not an unconnected collection of
13 different modes and different trips. Once you start to see
14 it from that point of view, the answer becomes dead
15 obvious: yes, there should be full fare alignment.
16
17 THE CHAIRMAN: Thank you very much, Julie. Either Tony
18 or Aaron from Transport for NSW, before I call on the floor?
19
20 MR BRAXTON-SMITH: Tony Braxton-Smith, Deputy Secretary,
21 Transport for NSW. We welcome the opportunity to be here.
22 I think our primary role is to hear the feedback from the
23 community, the Minister having made the reference to IPART
24 in order to seek views as to an alternative fare structure.
25
26 We think it is a very opportune moment and a good
27 point in the evolution of our ticketing system because with
28 the uptake of Opal we now actually have, for the first
29 time, the prospect of simply implementing an integrated
30 fare arrangement - not without its challenges because of
31 the technical constraints of the system, but the
32 opportunity is there and we are keen to hear how the
33 community and how IPART would view us adopting a
34 different fare structure.
35
36 Clearly what you have put forward, which I think we
37 will discuss at some time, about the socially optimal
38 level - in other words, striking the right balance which
39 gets the right use of a network which is, at the current
40 time, experiencing some significant demands, particularly
41 in the peak - is important to us.
42
43 Then in the long run, how we address the significant
44 investments that we're making in Sydney Metro, in the light
45 rail and in other capacity to expand the network, we would
46 be keen to have guidance and the independent view as to how
47 we should approach pricing, given those programs that are

.15/09/2015 9

Transcript produced by DTI

1 now actually in delivery.
2
3 THE CHAIRMAN: Thank you very much, Tony. Now is a
4 good chance for people from the floor, if you would like to
5 make a contribution.
6
7 MS HAYDEN: My name is Kirsty Hayden, and I want to
8 correct something that was on a slide a little earlier.
9 You have got on there that you get free trips after eight
10 journeys on any mode. That's not exactly correct. If you
11 do a transfer between a bus to a train and then to a second
12 bus, each within that hour and in fact getting off the
13 first bus and getting on the second bus is within an hour,
14 because it's classified as a transfer, Opal classifies it
15 as one journey even though you are charged three separate
16 sections.
17
18 So it doesn't count towards your eight - it only
19 counts as one towards your eight. You've been charged
20 three times, but it only counts as one, and I find that
21 outrageous. Personally I wouldn't mind being charged three
22 times if it counted three towards my eight. That would
23 have been fair. To say, well, it's a transfer, but I'm
24 going to charge you each section, each component, that's
25 not fair, but that's what the current system does.
26
27 Currently I could catch a bus from my home in Botany
28 and go to Bathurst Street, walk down to Druitt Street,
29 catch a bus that's going to Parramatta via Macquarie
30 University and go to Carlingford, and it would cost me
31 \$4.50 for the entire trip.
32
33 If I decide to, instead, catch a bus to Central, then
34 the train to either Epping or Parramatta and then catch
35 a bus from either of those two stations to Carlingford, the
36 fare off-peak train varies between \$8.97 one way via Epping
37 or \$10.37 via Parramatta, and that's just one way.
38
39 So the daily return fare catching two buses is \$9.
40 Catching the faster version, with a train in the middle,
41 takes you to the maximum of \$15 for the day, but it's still
42 only classified as two journeys as long as it's more than
43 an hour before I start the return trip, and that's not
44 fair. To me, that's the real nub of the situation.
45
46 With the changes for the CBD, my bus will no longer
47 come into the city. It's going to be terminating at

1 Railway Square, because I unfortunately have no other
2 choice. It's Botany. We don't get a choice. We only have
3 buses. If I transfer on to a train at Green Square,
4 Redfern or Central and get off at Town Hall or Museum, my
5 fare, instead of being \$3.50, which it is currently on
6 a bus, to Bathurst Street would become \$6.88, almost
7 double, by catching a train. People are not going to do
8 that.
9
10 THE CHAIRMAN: Thanks, Kirsty, and that's why we're here.
11
12 MR TIERNEY: Eric Tierney of Action for Public Transport.
13 One item that hasn't been mentioned anywhere here,
14 I notice, is the competition with the motor car. The great
15 competitor to public transport is the private car, which
16 gives, in most cases, a door-to-door service. The only way
17 you can get close to a door-to-door service using public
18 transport is to have fully integrated fares.
19
20 THE CHAIRMAN: Thank you, Eric.
21
22 MR IACOPETTA: My name is Robert Iacopetta. I live out at
23 Fairfield, and considering the example of my weekend when
24 I went to Blacktown, I happen to have a choice. I think it
25 is important to note that not everyone does have a choice,
26 but where we have choices, the data shows that 78 per cent
27 of people want some integration, so I think we can probably
28 agree on that.
29
30 Whether we have full integration then takes away the
31 flexibility of manipulating the choices of people. Do
32 I want to go directly by bus from Fairfield to Blacktown?
33 Do I think that's sufficiently comfortable? The service
34 frequency is very important. Or would I rather go by the
35 train service? From the perspective of the transport
36 system, it can then change the quality of the services, the
37 frequency, the types of trains and buses that we get, and,
38 based on the price, it can attract different users into
39 them. So I think that some degree of differences in cost
40 is important, especially for ferries.
41
42 Many of us in Sydney do not have an option to use
43 ferries at all. Ferries are a very expensive option of
44 transport, and it happens, I would say, that many people
45 who live near a ferry wharf are relatively well off
46 compared to other people in Sydney. So the rest of us in
47 Sydney would be effectively subsidising people who are

1 using ferries, and I think we should be moving back from
2 that principle.

3
4 I think it is important that whilst we move towards
5 more integration, as we all seem to agree, we should not go
6 the full way of integration at this point, but we can have
7 consistency. So we could have off-peak available across
8 all the different modes and we could define consistent
9 criteria. One important example, which we can come to
10 later, might be the frequency of the service could be the
11 key consistent criterion that defines whether it is a peak
12 or off-peak fare.

13
14 THE CHAIRMAN: Thank you very much, Robert.

15
16 MR SANDELL: Robin Sandell. When the Opal card came in,
17 the MyMulti pass or TravelPass type tickets were
18 discontinued. I'm just curious why the IPART isn't
19 considering having a periodical type ticket product.
20 Cities like Zurich, Munich, Berlin and Vienna are cities in
21 Europe which have very high mode share for public transport
22 and very high farebox recovery. They predominantly use
23 a periodical type ticket. In Munich, 80 per cent of people
24 use a monthly or weekly or yearly ticket. So I would urge
25 IPART to consider re-looking at having a periodical style
26 product as part of the Opal fare structure.

27
28 THE CHAIRMAN: Thank you very much, Robin. Anybody
29 else? Jess, do you want to make any comments on some of the
30 issues that were raised or do you want to move on to the
31 second part?

32
33 MS ROBINSON: Some of those comments, particularly about
34 whether the trips count towards the eight trip discount, we
35 will be touching on in a couple of sessions' time, so
36 I will keep going on with the presentation and some of your
37 questions might be answered in the next part as well.

38
39 THE CHAIRMAN: The periodic ticket issue could come up
40 under the frequency discount as well.

41
42 MS ROBINSON: Yes, exactly.

43
44 THE CHAIRMAN: Thank you very much for that. Jess will
45 now move on to the second part of this session.

46
47 MS ROBINSON: This session is how fares vary with

.15/09/2015 12

Transcript produced by DTI

1 distance, and in the next session we will be talking about
2 discounts for frequent use.

3
4 Bus and train fares are currently quite similar for
5 distances under 35 kilometres, except for short bus trips
6 that are less than 3 kilometres and they are cheaper.
7 Light rail Opal fares are currently the same as bus fares,
8 and ferry fares are currently more expensive than the other
9 modes.

10
11 Some common feedback to our survey was that fares for
12 longer distances should not increase, because it tends to
13 be lower socioeconomic people that live further from the
14 CBD, and many people thought that the minimum peak train
15 fare of \$3.38 is too much for travelling just between a few
16 stops on the train.

17
18 We have had a look at long and short distance fares in
19 Sydney and compared them to other cities. We found that
20 while short distance train fares are on the more expensive
21 side, Sydney long distance fares are relatively cheap
22 compared to other cities. For example, travelling
23 100 kilometres on the train in Sydney costs \$8.30, whereas
24 in Brisbane the same trip costs around \$15 and in Melbourne
25 it costs around \$17.

26
27 Over a month, a five-day-a-week commuter will pay \$240
28 in Sydney to travel the same distance, compared to \$345 in
29 Melbourne and more than twice in Brisbane, at \$554.

30
31 This graph shows that in Sydney it costs just over
32 twice as much for someone to travel 100 kilometres as it
33 does for them to travel 5 kilometres. In New York, it
34 costs more than seven times as much, and in London it costs
35 around 12 times as much to travel 100 kilometres compared
36 to a 5 kilometre journey.

37
38 We also compared fares for short distances in Sydney
39 with other capital cities in Australia. This graph shows
40 the Sydney bus and train fares in blue. It shows that
41 Adelaide and Perth have lower fares for a 2 kilometre
42 journey. Bus fares in Sydney are cheaper than for
43 Melbourne and Brisbane, and the train fare in Sydney is
44 quite similar to Brisbane. Melbourne fares for short
45 distances are the most expensive, but this is because they
46 have a flat fare, which means that a 5 kilometre journey
47 and a 35 kilometre journey are the same price.

.15/09/2015 13

Transcript produced by DTI

1
2 So that's one of the things that we had a look at in
3 the survey - whether there should be fewer fare bands, like
4 in Melbourne, where the price for all single journeys to
5 the CBD is \$3.76 if they are made within a 50 kilometre
6 ring of the CBD. We included a question asking whether
7 a 5 kilometre journey and a 25 kilometre journey should be
8 the same price. Only 15 per cent of people chose this
9 option; 41 per cent of respondents preferred the current
10 fares; and 44 per cent of respondents said fares should
11 vary more with distance so that a 5 kilometre trip should
12 be cheaper than it is now and a 25 kilometre trip should be
13 more expensive.
14
15 One way of having fares vary more closely with
16 distance is to charge a flag fall and then a per kilometre
17 rate instead of having the fare bands. This system is used
18 in Singapore and the Netherlands and it can be a fairer way
19 of charging people, because it smoothes out the big jumps
20 between the fare bands. However, it can be more difficult
21 for passengers to work out what their fare will be in
22 advance.
23
24 I just have a few questions on this topic. Do you
25 support increasing fares for longer distance journeys and
26 having lower fares for shorter distance journeys? Would
27 you support moving to a per kilometre based distance
28 charge? And, alternatively, would you support flatter
29 distance bands, for example, the same fare for all travel
30 up to 35 kilometres?
31
32 THE CHAIRMAN: Thank you, Jess. Comments on the distance
33 based fares - would anybody around the table like to start
34 off?
35
36 MS HOWE: Initially I would say that although you have to
37 measure against something, I think it is difficult to
38 compare us with London and New York, given that travelling
39 two hours out of New York is going on a holiday and here
40 it's where we go every day if we're commuting. That would
41 be my first thing to say.
42
43 But leading from that, for the constituents that we
44 represent, those are the kinds of distances that people who
45 experience poverty and social disadvantage travel if they
46 have to get in to the city for work. We would say that
47 there is an inequitable distribution of public transport

.15/09/2015 14

Transcript produced by DTI

1 services across Sydney. People in Western Sydney are at
2 greater risk of transport-related social exclusion and they
3 simply don't have the choices. In the public gallery,
4 there was talk of, "I chose this option against this
5 option", which is appropriate in some areas, but there are
6 some places where you just don't have the choices.
7
8 People who can't afford to live near service and
9 employment hubs often have no choice but to travel long
10 distances to reach areas to be educated, employed and all
11 those things that mean you are part of a socially optimal
12 society, if you want to put it that way.
13
14 NCOSS would certainly not want to get into the
15 mechanics of the fare structure, because that is not our
16 area of expertise, but we definitely urge IPART to
17 carefully consider the impact of increasing fares for
18 longer distance journeys on people experiencing poverty and
19 disadvantage so as not to exacerbate their situation. With
20 this urban sprawl and the rental stress, we just see people
21 on low incomes moving further and further out.
22
23 On the other aspects about supporting moving to a per
24 kilometre based distance charge, we would say that distance
25 based fares may appear more equitable than flat based
26 fares. The fact that people experiencing poverty and
27 disadvantage, again, are frequently forced to live far away
28 from services and jobs means that such an approach really
29 has the potential to result in greater inequality.
30
31 MS CHRISTIE: I would like to second a few things that
32 Tracy said. We feel the same way. Increasing fares for
33 longer distances, particularly for people travelling in to
34 Sydney, is problematic as those people are more likely to
35 be from lower socioeconomic backgrounds and therefore that
36 is a bigger impost on them.
37
38 Importantly as well, I think that a lot of this talk
39 has been very Sydney centric and I would be interested in
40 knowing who completed the survey online and whether most
41 of them fell within the city as well, because then obviously
42 they are taking shorter journeys, so they would like to see
43 those shorter journeys being cheaper.
44
45 We think that people coming from rural areas will be
46 really disadvantaged by this. They already are in terms of
47 services and the costs, but we don't want to see them

.15/09/2015 15

Transcript produced by DTI

1 further disadvantaged, particularly when they're coming in
2 to Sydney or going between regional centres.

3
4 THE CHAIRMAN: Thank you, Amelia.

5
6 CR TOWNSEND: I will add just a little bit in relation to
7 the use of public transport to be promoted. In areas such
8 as the Northern Beaches, if you are up further north of the
9 peninsula, is it more effective or the same cost to drive
10 your car in to work as opposed to using public transport?
11 I think that's the challenge that some people have. When
12 the fare for public transport exceeds or equals the cost of
13 use of a car, then the promotion and the use of public
14 transport is lessened by that cost.

15
16 So the fare structure - as Tracy has just said, we
17 will need IPART to sort that out, but I would think that it
18 needs to be balanced against the cost of use of a car.
19 I would probably weigh in on the side of a flat fee because
20 we have users on our bus who get off after, say,
21 10 kilometres at the expense of those who live up further,
22 because we have the same bus taking people 10 kilometres or
23 30 kilometres. For me, it's the same service, so it should
24 be a flat fee for that bus regardless if you are getting
25 off at the first stop or at the last stop. So maybe
26 a route fare rather than a flat fee could be considered.

27
28 THE CHAIRMAN: Thank you, Jacqueline.

29
30 MS PARFITT: Could I second what Jacqueline was saying
31 about the importance of considering the fact that a lot of
32 people who are travelling long distances - many of them,
33 not all of them - will be able to make a choice between
34 private vehicle travel and public transport use. So
35 I think there should be some consideration as to how fares
36 are set in relation to that, particularly for us in the
37 city centre, where we are grappling with congestion issues
38 and the need to reduce the number of vehicle trips coming
39 in to the city, particularly in the next three to four
40 years during construction.

41
42 THE CHAIRMAN: Thank you, Bonnie. One thing on the
43 issue of cars is that when we work out the external benefits of
44 public transport, we work out the savings in terms of
45 reduced congestion and reduced pollution of people not
46 taking cars, which means that you then pitch the fare at
47 a lower level than it otherwise would be, and we'll get

1 into that later in the session.

2
3 MS WALTON: I think the councillor from SHOROC made
4 a point that is really important, and that is that we
5 shouldn't think of car drivers and public transport
6 passengers as somehow mutually exclusive. Sometimes when
7 you read some of the material that comes through from
8 IPART, you do get the feeling that there is that
9 supposition.

10
11 In fact, what most of us do is a bit of travel
12 blending. We use public transport sometimes. We drive
13 cars sometimes. We're passengers sometimes. So you need
14 to be not thinking of it as comparing a public transport
15 fare against nothing. It will be a public transport fare
16 plus your registration minus the petrol for a particular
17 journey. If you don't do that, you wind up charging too
18 much for public transport because you don't realise that
19 people actually do have these other expenses - you know,
20 getting granny at Christmas or whatever the journeys are.
21 You might need one car for the entire household for those
22 purposes. So that's a point that we would like to make in
23 just the way you think about fares and fare structures.

24
25 On the variation by distance point, it is actually
26 a very big social issue and a very big urban planning issue
27 because if you have comparatively cheap long distance
28 fares, it makes it more feasible to live further out, and
29 if people have a fixed time budget for travel, which it
30 appears they do, around about an hour a day, then you will
31 find that what you are doing is influencing where people
32 live.

33
34 On the other hand, it is absolutely true that the
35 people who live furthest out in a city like Sydney, for the
36 most part, with a few pockets of privilege, if you like, or
37 a few pockets of high incomes, are the people on the lowest
38 incomes. I don't know what the answer is. APT doesn't
39 know what the answer is, but we think both of those things
40 are important.

41
42 One other point is that we think it's very important
43 to make sure that the Sydney CBD is not the only point of
44 high access to jobs and is not the only point of high
45 access to education, and we welcome the way the State
46 Government has recently been putting some good public
47 transport services headed towards Parramatta, headed

1 towards the north-west, and we think that that's part of
2 the solution to this transport disadvantage.
3
4 THE CHAIRMAN: Thank you very much, Julie. Questions
5 from the floor on this?
6
7 MR MILES: Allan Miles, Action for Public Transport. It's
8 not a question, really, but a comment.
9
10 THE CHAIRMAN: Sure.
11
12 MR MILES: In all this talk about different distances and
13 fares, we seem to be forgetting the flag fall component.
14 That mainly applies to rail, where there has to be
15 a railway station, which costs money to build, but it's
16 costing even less to maintain it. I'm just wondering if
17 we're going to cover how those costs are included in the
18 fares. It's probably not so important for buses. Remember
19 that we have no trouble with flag falls for taxis. That's
20 where the actual term came from. When the driver put his
21 flag down, it was already \$2 or whatever - probably
22 5 shillings in my day. That's when the journey started.
23
24 I'm thinking on my feet. With the reduction of staff
25 at railway stations, perhaps the flag fall may not be so
26 relevant in the case of trains as it used to be. My point
27 is that we seem to have lost sight of the flag fall
28 component of the fares and we're just talking about
29 distance from A to B.
30
31 THE CHAIRMAN: Thanks, Allan. I'll just ask Brett to make
32 a brief comment.
33
34 MR EVERETT: Brett Everett from IPART. Allan, we haven't
35 lost sight of the cost of providing those services and the
36 sort of flag fall component of that. In our methodology
37 paper on setting the level of fare, we talk about the types
38 of costs to include and making sure we're only including
39 the efficient costs of providing those services. That
40 might be something we come to in more detail in the second
41 session today.
42
43 THE CHAIRMAN: Thank you. Robert?
44
45 MR IACOPETTA: When I was looking at that in writing my
46 submission, I was thinking also why don't we consider more
47 fare bands? Yes, it's true that years ago we went down

1 from 20 to 5 bands in the rail, but we could actually go
2 back up. That would reduce the issue of people being
3 unable to figure out what their costs will be.
4
5 Additionally now that we have enhanced the 131 site,
6 when you look at a journey, it will tell you what the fare
7 is, so it is actually a lot easier for people to know what
8 their fares are. If we increase the fare bands, it gives
9 you scope to increase some revenue to offset other changes.
10
11 Again, I think it's important that the principle
12 should be consistency. So in having more fare bands, we
13 should have more fare bands across all the services, and
14 perhaps the difference between them should reflect what we
15 determine is the different cost in providing the services
16 in terms of the overall benefits. Are buses, for example,
17 always 10 per cent cheaper than rail? Then maybe that
18 should be reflected in the fares. That's a key question:
19 I think we should explore having more fare bands as an
20 opportunity to have more flexibility in pricing.
21
22 THE CHAIRMAN: Thank you very much, Robert. Anybody
23 else from the floor?
24
25 MS CARROLL: My name is Claire Carroll. Just a comment
26 on the chart comparing the fares across the different modes
27 that was in the paper and also in the presentation. One
28 thing that is important to note there is that one of the
29 axes is distance. For train fares, distance is measured as
30 route distance, so how far your train travels. On light
31 rail, buses and ferries, it's point-to-point distance. So
32 I think that chart might need to be adjusted to consider,
33 for example, from Epping to the city is about 24 kilometres
34 on the train and that's what is used in calculating your
35 fare. It's about 15 kilometres point to point.
36
37 THE CHAIRMAN: Thank you, Claire. Unfortunately, or
38 fortunately, that's the way Opal works.
39
40 MS CARROLL: Yes, I'm aware of that, but in terms of
41 comparing one with the other.
42
43 THE CHAIRMAN: That's an issue that we need to take up,
44 yes.
45
46 MS ROBINSON: That's also something that we're considering
47 as part of this review.

1
2 THE CHAIRMAN: Thank you for raising that. Not everybody
3 is aware that that's the way Opal works. Thank you,
4 Claire. Robin?
5
6 MR SANDELL: Just one point on the distance. One of the
7 curious things about the Sydney fare structure is that
8 a trip from Newcastle to Sydney, for example, which is
9 165 kilometres, is treated more or less as a transit ride.
10 I know that some people do commute from Newcastle to the
11 city, but I would suggest not very many. I think that we
12 do have a slightly bizarre way of defining what the
13 metropolitan area is in Sydney. In any other city of the
14 world, that would be treated as an inter-city trip. I'm
15 just wondering whether Newcastle and Wollongong, for
16 example, should be outside the metro zone, if you like.
17
18 MS MORRIS: Could I respond?
19
20 THE CHAIRMAN: Just a second. Thank you, Robin. That
21 issue does go to distance. Yes, in the front?
22
23 MS MORRIS: Jennie Morris. I live in Wollongong.
24 Numerous people commute to Sydney. We came up today on
25 the train, the 7.15 train, eight cars, standing room only by
26 the time we got to Central. Students, workers, commuters -
27 one of the our biggest bugbears is four-car trains in the
28 peak hour. So it's not outside. We are very much the
29 commuter belt, and more and more people are moving down.
30 As prices rise here, more and more people are moving down
31 to us. So it is not going to be outside. It's much more
32 part of the Sydney region than a regional centre as the
33 years go by.
34
35 THE CHAIRMAN: Thank you very much, Jennie. Anybody
36 else from the floor?
37
38 MR WEBB: I am John Webb from the Commuter Council.
39 Just to support you and a lot of the wise things that have been
40 said, I think Wollongong is about 80 kilometres from
41 Sydney, and so is Springwood in the Blue Mountains and
42 Gosford in the north. There are a lot of people who
43 commute those distances and even further.
44
45 THE CHAIRMAN: Thank you very much, John. Anybody else?
46 Okay, let's move on to the third part of Jessie 's
47 presentation. Thank you very much.

.15/09/2015 20

Transcript produced by DTI

1
2 MS ROBINSON: So this topic is discounts for regular
3 travel. Currently after eight journeys have been made in a
4 week the rest of the trips are free for that week. There
5 is also a weekly cap of \$60 and a daily cap of \$15, as well
6 as a \$2.50 cap on Sundays.
7
8 This graph shows that from Friday onwards,
9 a significant proportion of journeys are free, but there
10 are also some free journeys being made earlier in the week
11 as well.
12
13 Discounts for regular users can provide efficiency
14 benefits by encouraging greater use of the network.
15 However, many of the free trips are being made during peak
16 times, which can be costly if the government has to make
17 additional investments to meet this demand. Therefore, one
18 of the things that we are considering is whether free
19 journeys should be able to be made during peak times. One
20 option could be to replace the travel rewards with
21 substantially cheaper fares on off-peak services, such as
22 the weekend or evening services after the PM peak; another
23 option would be to change the weekly travel reward to make
24 journeys free after nine or 10 journeys, instead of eight.
25
26 Discounting was one of the things that we got a lot of
27 feedback about in our survey, in response to the question,
28 "What would be the one thing you would change about Opal?"
29 Many respondents wanted higher discounts for monthly and
30 yearly travel, with some suggesting this could be done by
31 providing bonus credit for people who added high amounts of
32 credit onto their Opal card. Many part-time commuters
33 wanted the TravelTen style discounts, where they could get
34 a discount for regular travel but it could be applied to
35 journeys that did not fall in the same week. Another
36 common suggestion was that if the transfer penalty for
37 multi-mode journeys is not removed, then each leg of the
38 journey should count towards the eight-trip discount. As
39 was mentioned before, currently if a passenger switches
40 modes within an hour, this only counts as one trip towards
41 the eight-trip discount.
42
43 Many people wanted the eight-trip rule to be changed
44 because they thought it was unfair that some people were
45 able to make additional short journeys earlier in the week
46 and so they could get free travel for the rest of the week.
47 But many people also responded that the eight-trip rule

.15/09/2015 21

Transcript produced by DTI

1 should be left unchanged.
2
3 So the questions for this topic are: how fair do you
4 think the current discounts are; and what are your views on
5 how the existing discount structure could be improved?
6
7 THE CHAIRMAN: Okay, thank you so much, Jess. Again, at
8 the table, would anybody like to start on discounts?
9
10 CR TOWNSEND: I would just briefly say that the current
11 system is certainly not fair for part-time workers,
12 students and other people like myself, who may frequent the
13 city three or four times a week, so that currently under
14 Opal, whilst it is convenient to use an Opal card by way of
15 topping up, it is costing me more to travel into the city
16 by public transport than it was previously. So I don't
17 think the current discounts are fair, how they are applied.
18 It is not equitable across all users.
19
20 How can they be improved? Whether it is per trip,
21 regardless, so with no time frame put on it, so that your
22 eighth trip is free regardless of whether it is in a week,
23 two weeks or otherwise, and regardless of the mode - that's
24 one way. But whether that is beneficial and will enable an
25 efficient system to be maintained - I can't answer that.
26
27 THE CHAIRMAN: Thank you very much, Jacqueline.
28 Anybody else? Julie?
29
30 MS WALTON: Yes. This is another tricky one. The only
31 thing I think I can say today is that cutting out
32 eligibility in peak hours won't fly. It is the very thing
33 that people are aiming to do, to reduce the cost of their
34 trip to work. So that doesn't seem to have very many
35 prospects. Apart from that, we will take it on notice.
36
37 THE CHAIRMAN: Okay. Not many legs, as they say?
38
39 MS WALTON: Yes, none at all, really.
40
41 THE CHAIRMAN: Yes. Tracy?
42
43 MS HOWE: The daily and weekly caps certainly reduce fares
44 for long-distance rail commuters - of whom we would
45 actually argue there are many; I come every day from Leura.
46 I know my train is pretty full by the time we get down to
47 Emu Plains, so we are doing two hours a day to get into the

.15/09/2015 22

Transcript produced by DTI

1 city, to work. But, yes, certainly I would reiterate what
2 has already been said about part-time and casual
3 employees - they have the lowest incomes and are least
4 likely to be eligible for any of these discounts.
5
6 I feel like this is almost like a rewards system as if
7 we have a work-commuters network, when, in fact, it's
8 a community network for everyone. So it is really pitched
9 at the full-time worker, and we would say that the
10 community is much more complex and nuanced than that,
11 and the people we represent, who are the most vulnerable,
12 aren't necessarily going to benefit from that.
13
14 THE CHAIRMAN: Thank you, Tracy. Amelia?
15
16 MS CHRISTIE: Are we touching on the pensioner excursion
17 ticket discounts later? That's what I have more of
18 a comment on, I think.
19
20 THE CHAIRMAN: Yes, we are happy to hold over for that.
21 Bonnie, do you want to say anything on that?
22
23 MS PARFITT: No, thank you.
24
25 THE CHAIRMAN: Would anybody from the floor like to
26 make a comment on discounts?
27
28 MR LOVELL: I have a comment in response to the comment
29 from the person from Action for Public Transport. My name
30 is Simon Lovell. I agree that stopping free trips
31 occurring during peak hours won't work with eight then
32 free, but it might be a bit more politically acceptable if
33 it was 10 then free and there was a reduction in the base
34 fare.
35
36 MS WALTON: I'm not really talking politics. I'm talking
37 about going back to the point of the exercise.
38
39 THE CHAIRMAN: Sorry?
40
41 MS WALTON: I wasn't implying that it's not politically
42 palatable, I was implying that it defeats the purpose.
43
44 THE CHAIRMAN: I have to say, I interpreted your comments
45 as being about whether it was politically palatable.
46
47 MS WALTON: No.

.15/09/2015 23

Transcript produced by DTI

1
2 THE CHAIRMAN: Thank you for that clarification. Robert?
3
4 MR IACOPETTA: I would just like to note that the
5 additional factor that we should be considering is that
6 there is a growing percentage of people that might work
7 from home part-time, so even full-time workers might work
8 from home part-time, and they would be another category of
9 people that wouldn't get access to discounts. So we do
10 have to go beyond the current model, which is skewed
11 towards full-time commuters or anyone who can really clock
12 up a lot of discounts on a Monday or Tuesday. They are
13 really the only categories who benefit at the moment. So
14 a lot of the options suggested so far should be
15 investigated.
16
17 THE CHAIRMAN: Thanks so much, Robert. Yes?
18
19 MR MORRIS: Ben Morris. I'm from Wollongong. One thing
20 about these discounts that we have to look at is the
21 reverse flows that are going on, eg the students that come
22 out of Sydney to Wollongong University. They are very much
23 time-fixed for when they have to be in Wollongong. So if
24 you fiddle too much with discounts, you are likely to
25 discourage them from using the train; they will go back to
26 using their cars.
27
28 THE CHAIRMAN: Thank you very much, Ben. Anybody else
29 from the floor - any more comments on discounts? No? All
30 right. Thank you. Jess?
31
32 MS ROBINSON: So the final session is about peak and
33 off-peak fare arrangements, and we also touch on the
34 arrangements for the Opal Gold card users.
35
36 There is currently a 30 per cent discount for
37 travelling in the off-peak for rail journeys. There is
38 a higher price in the peak, because it is more expensive to
39 provide additional services in the peak and it drives the
40 need for new infrastructure. A lower off-peak price can
41 encourage some passengers to travel outside of the peak
42 times to help delay this investment.
43
44 This graph shows that for rail there is a clear
45 weekday peak between around 7.30am and 9am, and again
46 between 4.30 and 6.30 in the afternoon.
47

.15/09/2015 24

Transcript produced by DTI

1 One of the things that we are looking at is whether
2 there is a case for extending the off-peak to buses and
3 ferries as well. However, this graph suggests that the
4 peaks don't necessarily occur at the same time across all
5 of the modes. In particular, the busiest time for ferries
6 is on the weekends, which is an off-peak period for rail.
7
8 When we asked, "What was the one thing that you would
9 change about Opal?" in our survey, we had several
10 suggestions relating to peak and off-peak fares. Some
11 respondents were in favour of adding off-peak fares for
12 other modes. However, other people said that the peak
13 pricing should be removed altogether. Many respondents
14 were in favour of a lower daily cap on Saturdays as well as
15 on Sundays. Some respondents were in favour of a CBD
16 surcharge, rather than peak fares. Some people suggested
17 having off-peak in the counter-peak direction and for
18 journeys that begin and end in the outer regions of the
19 network that do not go to and from the Sydney CBD.
20
21 There was also some support for changing the peak
22 definitions so that peak fares were charged based on the
23 time the train arrives at Central, rather than based on the
24 time that the passenger gets on the service.
25
26 Finally, we are looking at whether Gold card users
27 should have to pay more to travel in peak times to reflect
28 the higher costs of providing these peak services and to
29 provide an incentive for some of these passengers to travel
30 outside of the peak times. Currently, Gold card users can
31 travel anywhere on the network for \$2.50 per day.
32
33 We included a couple of options in our issues paper.
34 One option was having a higher daily cap for travel in peak
35 times - for example, \$7.50, which is in line with the
36 concession daily cap; and another option would be to
37 exclude peak travel from the daily cap and charge the
38 concession fares during these times. So this would mean
39 that the \$2.50 cap would only apply to off-peak travel.
40
41 So the last questions we have for this session are:
42 what are your views about extending peak and off-peak fares
43 to other modes; what improvements could be made to better
44 encourage people to shift their travel patterns outside of
45 the peak; and should any changes be made to the Opal Gold
46 card fares?
47

.15/09/2015 25

Transcript produced by DTI

1 THE CHAIRMAN: Thank you very much, Jess. Amelia,
2 would you like to start?
3
4 MS CHRISTIE: Yes. We are very much for the pensioner
5 excursion ticket pricing remaining as it is. We think it
6 is really important for low-income people to be able to
7 access services and to be able to travel long-distances
8 when they need to.
9
10 The majority of pensioners we speak to who are doing
11 those longer distances, from rural and regional areas into
12 Sydney, are doing it for medical appointments and they need
13 to leave at particular times to be able to, one, get
14 a service; and, two, make those appointments. But often to
15 make a service, there are only one or two services
16 available, and those are within peak periods. So it would
17 really disadvantage those people if it was moved to on-peak
18 and off-peak times.
19
20 Similarly, there are lots of people who care for
21 grandchildren and they are then travelling during peak
22 times as well, and so we don't want to see those people
23 disadvantaged, as well as other people undertaking
24 volunteer roles, by a move to on-peak and off-peak. So we
25 really want to make sure that the \$2.50 ticket stays as it
26 is, so that we don't also see a situation where rural
27 people are further disadvantaged because they are doing
28 longer distances as well.
29
30 THE CHAIRMAN: Thank you very much Amelia. Anybody
31 else around the table? Tracy?
32
33 MS HOWE: Thank you. The first thing that NCOSS would
34 like to put forward is that often there are parts of the
35 network only serviced by buses, so we would say that it is
36 unfair, or you are disadvantaged, not to have the concept
37 of off-peak and peak options, so that's one thing.
38
39 But to go to the Gold Opal card, we absolutely endorse
40 and support CPS - absolutely. Particularly looking at the
41 membership of our organisation and the importance of
42 volunteers and the fact that so many Gold Opal card users
43 would be basically mobilising themselves around peak hour
44 times because there isn't just a bunch of old people
45 sitting at home who have lots of time on their hands, they
46 are actually active members of the community and they
47 function within the same times as us. I think this idea

.15/09/2015 26

Transcript produced by DTI

1 that somehow they are separate is not actually true. And
2 certainly we would also be saying that if you live in
3 Wollongong or you live in the Blue Mountains and you have
4 to get to a medical appointment, your appointment may be at
5 11am, which you think is off-peak, but you have to leave at
6 7.14 to get the train.
7
8 MS CHRISTIE: One other thing as well is that there is
9 already a real incentive to travelling off-peak if you are
10 able to, if you don't have to make a particular time,
11 because the services are more empty, which is really
12 important for older people who might have balance issues,
13 really need to have a seat or people with mobility
14 difficulties of any age, so there really is that incentive
15 there to travel at different times if there are services
16 available and if you don't have to make a particular time
17 for an appointment or something.
18
19 THE CHAIRMAN: Good, thank you, Amelia. Julie?
20
21 MS WALTON: I'm not sure what to make of those differences
22 in peaks. It seems that you would be confusing the peaks
23 on the ferries on the weekend, which are really the people
24 going to the zoo or Darling Harbour, social trips like
25 that, and that trip you really can't make at a different
26 time or on a different day, necessarily. So I'm not sure
27 that that graph is telling us, perhaps, what we really need
28 to know.
29
30 Again, if we go back to what is the point of the
31 exercise, the point of the exercise is to relieve
32 congestion, and the congestion can either be on the roads
33 or on the public transport system. Both of those things
34 would be the things that you would be trying to relieve.
35 So you might want to reconsider what those peaks are
36 showing you. You really want to know peak congestion in
37 those terms, I think.
38
39 From our point of view, the time of arrival just might
40 work better, and it is worth investigating, because, as has
41 been pointed out by some of our members, if you live at
42 point A you might have to leave at 8.50, get on the bus at
43 8.50, to get on the train a little after 9, but the bus
44 trip would then be within peak and the train trip would
45 not. So we think there might be some benefit in looking
46 further at the arrival time.
47

.15/09/2015 27

Transcript produced by DTI

1 The second thing you will see in a few of your
2 submissions is that the big issue in making this time
3 shifting work is making sure that there are services
4 available outside the peaks, and that is not the way our
5 public transport system is structured. If you catch buses
6 a lot, as all of us do, you will find that the service
7 frequency just falls right off a cliff at about 9.15, 9.30,
8 and so it is all very well to say, as I do, "I will go a
9 little later, get a seat, not get in everybody's way", but
10 then you find that you are waiting 20 minutes and you
11 quickly abandon the enterprise. So that, to my mind, to
12 APT's mind, is the single biggest sleeper issue in this
13 time shifting, and that's the lack of frequency of public
14 transport off-peak, especially buses, which are woeful.

15
16 THE CHAIRMAN: Okay, thank you, Julie. Bonnie?

17
18 MS PARFITT: Just a few points on that from the City. So
19 just building on that point around the off-peak services,
20 I think one of the important things about off-peak pricing
21 is that it is considerably more difficult to provide that
22 same level of frequency, and there is not necessarily a
23 need to. So the people who are travelling off-peak or need
24 to at are at a disadvantage, because you will never be able
25 to provide that same level of service. So there is a value
26 in having a price differentiation for those people.

27
28 The other thing is in the city what we are seeing more
29 and more of is weekend congestion, and I believe there is
30 a value in having off-peak fares to encourage people to
31 travel more consistently by public transport and to travel
32 during weekends and evenings by public transport.

33
34 What we have been seeing is a huge number of people
35 coming into the city in the PM peak, so entering the city
36 by private vehicle, and we suspect that there is probably
37 some opportunity around directional pricing there as well.

38
39 The other thing is thinking about people travelling in
40 the AM peak into the city, it's an interesting question,
41 and I don't know quite how you might address this, but
42 a question around the actual flexibility of people to
43 travel in the AM peak, because we know that there are some
44 people who will, because of the type of work that they do,
45 have a lot more flexibility, but then there are other
46 people who are travelling who have very fixed hours and
47 different types of contracting arrangements, so I think

.15/09/2015 28

Transcript produced by DTI

1 there is some complexity around setting peak fares, in
2 terms of encouraging different travel behaviour.

3
4 THE CHAIRMAN: Thank you very much, Bonnie. Jacqueline?

5
6 CR TOWNSEND: Thank you. I certainly strongly support as
7 well the comments made about the Gold card changes. In the
8 Pittwater area we have 1.8 per cent higher senior residents
9 than the Sydney average, and a lot of those travellers,
10 senior people, use our buses, and the travel time to get to
11 a 10 o'clock appointment, if you are leaving the north
12 peninsula, you would be leaving around 7.30, so you would
13 have no option but to travel in the peak time and should
14 not be penalised for that very reason, so I strongly
15 support that submission that has been made.

16
17 I also support, if there is to be a peak fare, that
18 the time of arrival is the point. I think that is an
19 important part, because of the distance that we have to
20 travel up from our area.

21
22 As to shifting the travel patterns out of the peak -
23 again, you are placing the onus on the user and they may
24 not have that variability to change their travel time due
25 to the requirements of jobs or treatment or otherwise, and
26 I think that it wouldn't be equitable to the users for them
27 to have a higher fare, because they don't have the optional
28 luxury to be able to negotiate a different start time.
29 I think we also need to look at - which was raised by
30 a member of our public - the fact that the way we work
31 these days is not necessarily always in travel in peak
32 times, we are shifting, and I'm not sure that the question
33 about the ferries does apply. For those travelling from
34 Manly, there is a peak time Monday to Friday, there is
35 a significant peak time.

36
37 MS WALTON: Yes. But not on their graph, that was the
38 thing.

39
40 CR TOWNSEND: That's exactly right. So I would think that
41 if there are peak fares they should be across all modes of
42 transport, not just one, because it has to be an equitable
43 system and not everyone has the luxury of having trains.
44 There are different modes. So that is the submission that
45 we would make for SHOROC, that we would want equity
46 across the peak fares, if they were to exist.

.15/09/2015 29

Transcript produced by DTI

1 THE CHAIRMAN: Thank you very much, Jacqueline. From
2 the floor? Yes, Jennie?

3
4 MS MORRIS: I think your afternoon peak graph is out of
5 kilter with the South Coast anyway, because you say your
6 afternoon peak is 4.30 to 7. The afternoon peak, going
7 down the coast, starts at 2.30. If you get on that train
8 at Central, the 2.30 train, if you get on it at Hurstville
9 you are standing from Hurstville to Kiama, because it is
10 a four-car train and the assumption is that the peak is at
11 4.30. There are three more four-car trains that go. So
12 you really need to look at each line, or each service, as
13 to where the peak is. I don't think it fits into the
14 overall pattern, and this is a big bugbear for people down
15 the coast, and that's the only way you can get home. It is
16 that or your car. There is no alternative. And standing
17 for two hours is pretty unpleasant after a day's work.

18
19 THE CHAIRMAN: Sure. Thank you very much, Jennie.
20 Robert?

21
22 MR IACOPETTA: I think we have to go back and remember,
23 what are we trying to do? And as I suspect, it is about
24 managing the congestion and better using our assets. In
25 that sense, as was mentioned before, equity is important -
26 that we introduce consistent off-peak across all of the
27 services, and, fundamentally, we should consider what do we
28 mean by a "peak" service. We don't have to define it
29 purely based on time. The technology now allows us to look
30 at, pretty much in real time, how busy different services
31 are. We could quite easily, I think, label a particular
32 service at a particular point in a timetable that it is
33 peak or off-peak and, therefore, the service is a peak
34 service based on congestion, in terms of the transport
35 system or the road network, and then a peak fare might be
36 applicable, which could even be a ferry on a Sunday, for
37 argument's sake.

38
39 The flip side, if the service is not peak - so going
40 back to buses - yes, someone who has an appointment, an
41 older person, going late into the city, may not want to go
42 later in the day. But if they choose to, you know, again,
43 as we make the changes, we can introduce the difference
44 over time. So there might not be an off-peak in a bus
45 today, but as we look at increasing bus fares, the services
46 that have peak - by definition they come, say, every
47 15 minutes; that was the time, I think, the Sydney Alliance

.15/09/2015 30

Transcript produced by DTI

1 suggested was a good metric of frequency of service - well,
2 if it comes every 15 minutes, that will be the service that
3 would increase to introduce a peak fare. When it comes to
4 the concession fares, yes, the argument is don't increase
5 the fare, but perhaps a better trade-off would be \$2 for
6 off-peak travel and \$3 for peak travel. So, again, if
7 there are people who could choose to make the difference,
8 they would get some benefit; if they really can't, the
9 impost would not be that great.

10
11 THE CHAIRMAN: Thank you very much for that contribution,
12 Robert.

13
14 MS WALTON: Excuse me, Mr Boxall. I am sorry, there was
15 one thing I forgot to say. APT also supports the view that
16 medical appointments and the like are beyond people's
17 control, and it isn't reasonable to impose a de facto
18 penalty on people with Gold cards for that reason.

19
20 THE CHAIRMAN: Good, thank you very much, Julie. John?

21
22 MR WEBB: The issues paper on page 83, while accurate,
23 says that our beloved excursion tickets haven't increased
24 for 10 years. Just before that, though, there was a huge
25 jump. There used to be - and Allan or Eric might have to
26 help me here - a \$1 ticket, a \$1 peak ticket, and then
27 those cheaper tickets for people, I think it was basically
28 within 50km of Sydney, were abandoned and now everybody
29 has to buy the \$2.50 ticket. So while that line on page 83
30 says that our lovely tickets haven't increased for
31 10 years, there was a huge jump just before that.
32 Thank you.

33
34 THE CHAIRMAN: Thanks, John. Amelia?

35
36 MS CHRISTIE: Just on John's point there, I think it is
37 important to mention that the integration of the Opal
38 ticket isn't occurring everywhere, and so this will lead to
39 higher fares, particularly for people who currently access
40 the \$2.50 ticket. So there are a number of areas even
41 within the Sydney area, such as Scotland Island, Bundeena
42 and the Western Foreshores, who aren't getting Opal
43 machines on those ferries, which are the way they access
44 the mainland. Those people, come 1 January next year, will
45 be required to purchase a half fare on those ferries and
46 then use the \$2.50 Opal card for the rest of their travel.

47

.15/09/2015 31

Transcript produced by DTI

1 That is really problematic for these people.
2 Currently, at least on the Church Point Ferry, the half
3 fair is \$7.50 return, so those people will now be paying
4 \$10, whereas currently they can use the paper ticket and
5 get \$2.50 all-day travel. So we are concerned about those
6 anomalies.
7
8 THE CHAIRMAN: Sure. Amelia, those are private ferries.
9
10 MS CHRISTIE: Yes, but there are other private buses and
11 things that are Opal enabled, and those aren't among them.
12
13 THE CHAIRMAN: That is all relevant and good stuff. Can I
14 just say that each year we are asked to recommend the fares
15 for private ferries, and we do that as a separate exercise.
16 The reason why they are not in this exercise is because
17 they are not part of the Opal network, but we do need to
18 just take it on board.
19
20 MS CHRISTIE: Yes, I think it is important, because right
21 now they do recognise the \$2.50 ticket, so we will see
22 people's travel costs increase substantially.
23
24 THE CHAIRMAN: Thank you. Do you have a comment on
25 this, Tony?
26
27 MR BRAXTON-SMITH: Yes, I would just like to correct the
28 record on that. There are provisions being put in place at
29 the present time which will address the issues for
30 residents who are pensioners - residents on those
31 particular islands.
32
33 MS CHRISTIE: Good.
34
35 THE CHAIRMAN: Thank you very much, Tony.
36
37 MR SANDELL: Aside from the PET tickets, there is the
38 Sunday fare, which is now \$2.50 now for everybody on using
39 an Opal card, which I know creates a lot of problems for
40 ferry operations, because that's a huge discount compared
41 to the \$15 cap that normally would apply. So I probably
42 won't be popular with others in the room here, but I would
43 suggest that that \$2.50 cap for general users on Sundays
44 seems to be a bit excessively cheap.
45
46 THE CHAIRMAN: Okay, thank you very much, Robin. Claire?
47

.15/09/2015 32

Transcript produced by DTI

1 MS CARROLL: I'm probably not going to represent the views
2 of most of the people in this room. Obviously I don't get
3 a pensioner excursion ticket, I'm a full-time worker.
4 I commute either to Town Hall or North Sydney every day,
5 and I do see people using the pensioner excursion ticket to
6 make their commute to work.
7
8 So while there are arguments, I understand, about
9 medical appointments and access to services during the
10 off-peak, there are a lot of people who are using the
11 pensioner excursion ticket for purposes that aren't in
12 those categories, that are using it to get a cheap commute.
13 So there is a noisy minority and there is a majority who
14 are using the pensioner excursion ticket for the same trip
15 that I am making to go to work, and they are getting it
16 a lot cheaper than I am. So I think that issue has to be
17 considered as well.
18
19 THE CHAIRMAN: Thank you for raising that, Claire.
20 Kirsty?
21
22 MS HAYDEN: My understanding, though, is that if you are
23 a senior, which is someone over the age of 60, which I am
24 not yet - 22 months to go - you are entitled to the Gold
25 Opal card and you are permitted to work up to 20 hours per
26 week and still use the card. Now, that 20 hours can be
27 averaged over the year. So you may have someone who may
28 be working for six months and it looks like they're working
29 full time, but they are entitled to use that ticket. They
30 are not misusing the Gold Opal ticket. I have no dog in
31 this fight, because I'm not entitled to it yet. You may
32 think that they're misusing it, but they may not be.
33
34 MS CARROLL: Thank you.
35
36 THE CHAIRMAN: Thank you, Kirsty.
37
38 MR PULLEN: Andrew Pullen. Just with the increase of the
39 \$2.50 Gold Opal, it has been 10 years since the last
40 increase, but all the concession fares are going up each
41 year. Now, pensioners who just want to pop up to the shops
42 and back and pay the cash fare pay \$2.40. For 10 cents
43 extra, somebody can travel all around Sydney. So is it
44 possible to consider maybe the Gold card going up the same
45 amount as the concession fares, as they increase each year?
46 That would probably be easy to do now with the Opal system.
47 The elderly, who just make a short trip, pay a lot of

.15/09/2015 33

Transcript produced by DTI

1 money.
2
3 THE CHAIRMAN: Thank you. Anybody else?
4
5 MR MORRIS: Ben Morris from Wollongong. I would like to
6 put two pieces of heresy on the table at the moment. One
7 is that retired people are usually far more busy once
8 they're retired than previously while they were working,
9 and we've heard different things that people get involved
10 in.
11
12 The second point is that some of these questions and
13 stuff suggest that some people that are asking these
14 questions don't do much travelling on trains, or public
15 transport, for that matter. I apologise if I offend
16 anyone, but I suspect that there may be some people around
17 here that don't travel on public transport.
18
19 The other thing on these peak/off-peaks - the peak in
20 Wollongong starts at about 5.30 and if you're not on the
21 14 minutes past 7 train, you don't get to Sydney until
22 after 9 o'clock. And as Jennie said, the 2.30 train out of
23 Sydney is chockers. It is absolutely chockers. I'm having
24 a bit of trouble with people saying that we have to put
25 bigger trains and we use more resources then. From 2.30
26 till 3.30, all those trains are chockers, so they are being
27 fully used. Maybe some people need to get out there and
28 see exactly what's going on rather than we make a time
29 period, this is the peak hour, because the peak hour has
30 already been.
31
32 MR LOVELL: Could I make a comment to agree with Claire.
33 If you are entitled to work 20 hours a week, then maybe you
34 shouldn't be entitled to the Gold Opal card.
35
36 MS MORRIS: But you're assuming that 20 hours a week is
37 a well-paid person, in the city, wearing a suit. Twenty
38 hours a week is often a cleaner in a hospital and that's
39 all you can get so that you can still get your Centrelink
40 benefits. So let's not make assumptions, please.
41
42 MR LOVELL: You could be a 59-year-old cleaner, too, and
43 you don't get it.
44
45 MS MORRIS: Yes, that's what I'm saying, but that's
46 a different issue.
47

.15/09/2015 34

Transcript produced by DTI

1 THE CHAIR: Thanks for that, Simon and Jennie. Kirsty?
2
3 MS HAYDEN: Can I just clarify, too, though, if you are
4 entitled to the Gold Opal and you are a pensioner, you can
5 make your short trip and you will only be charged the
6 smaller amount of money. You won't be charged \$2.50. And
7 if you're a concession and you're paying it in cash, you
8 wouldn't be paying \$2.40. You would be paying the half
9 fare, which is \$1.10 if you're paying cash. But if you're
10 using your Opal card, you would only be charged \$1.05 for
11 a short trip on a bus.
12
13 THE CHAIRMAN: Thank you. Anything else on this one?
14
15 MS HOWE: The position of NCOSS would be that the Gold
16 card is absolutely appropriate, and if someone is working
17 20 hours a week, then it is very exciting for our community
18 that there are people, older people, who are part of our
19 community and contributing to that. In fact, we would go
20 one step further and say that concessions should also be at
21 the same level as the Gold card to encourage students and
22 people who are in Wollongong or Katoomba or Lithgow to be
23 able to afford to do their apprenticeship and their
24 education. If anything, even though it might be outside
25 your ambit, I think there could certainly be
26 a recommendation that the Gold card should be across all
27 concessions.
28
29 MS CHRISTIE: We second that as well. We would really
30 like to see that \$2.50 ticket expanded, particularly to
31 people who are on Newstart, which is a lower payment than
32 pensions, yet they're only accessing the half fare.
33
34 One thing as well with how the Opal job seeker card is
35 working, my understanding is that you are only eligible for
36 it when you are on the full rate of Newstart, which makes
37 sense, but you can easily move off the full rate of
38 Newstart by earning \$102 over a fortnight, so \$51 a week,
39 and then that card is no longer valid. Opal speaks to
40 Centrelink, so then it's cancelled. When you then are on
41 the full rate three weeks later, or whatever it is, you
42 then have to get an entirely new card that's registered.
43 So it's a huge hassle. You can't just then start using
44 that card again when you are eligible. So that card is
45 useless. I don't know why there are not provisions that
46 allow that card to be reactivated. It makes using public
47 transport more difficult for those people.

.15/09/2015 35

Transcript produced by DTI

1
2 MR LOVELL: Isn't there also a time period you have to be
3 on Newstart before you are eligible for the concession?
4 Couldn't we get rid of that?
5
6 MS CHRISTIE: I'm not sure. I would have to double-check
7 that, but, yes, there may well be.
8
9 MR LOVELL: I think there is.
10
11 MS CHRISTIE: It's very difficult to use that card, and
12 I don't think it has been factored in that people will take
13 a bit of work when they can, but it might not be permanent
14 ongoing employment.
15
16 MR LOVELL: That could be the Common Youth Allowance,
17 whatever it's called. I might be getting confused.
18
19 MS CHRISTIE: Yes, Newstart Youth Allowance.
20
21 THE CHAIRMAN: This is very much getting into social
22 policy, which is all fine.
23
24 MS MORRIS: Which is very much part of public transport.
25
26 THE CHAIRMAN: Thanks very much, Simon and Amelia.
27 Kirsty?
28
29 MS HAYDEN: As someone who is currently on the full
30 Newstart and is now on the Concession Opal card - thank you
31 very much for that change - can I say that my understanding
32 is that if you go off the full rate, there is a three-week
33 window in which the concession card remains in effect
34 because it may take time for you to get the full Opal card.
35
36 But I also agree that there should be a way to
37 reactivate your inactive card, should you then become
38 eligible again. I had an Adult Opal because it worked out
39 cheaper for me to manipulate the Adult Opal than it was to
40 pay the concession fare by cash each time. When I became
41 eligible for the concession card, they deactivated my Adult
42 Opal. I asked the question could I reactivate it, should
43 I, by a miracle at my age, get a job. They said, "No, you
44 have to get a new card." I said, "Well, that's a bit of
45 a waste of the plastic and everything else. I've got the
46 card. Why can't we just reactivate it?" Apparently that's
47 not the way it's set up, and I think that's silly.

.15/09/2015 36

Transcript produced by DTI

1
2 THE CHAIRMAN: Thank you. Any last comments before we
3 wrap up before morning tea? It's just about time for the
4 break, so that's it for finding the best fare structure for
5 Opal. Thank you very much for your contributions. It's
6 all very helpful and we appreciate it very much, including
7 people who put things on the table that might not be agreed
8 with by others. It's good to have the different points of
9 view.
10
11 Why don't we have a break now and resume at 12 o'clock
12 for the second session. There's tea and coffee at the back
13 of the room. Thank you.
14
15 A SHORT BREAK
16
17 THE CHAIRMAN: Welcome back. The second session will
18 focus on our proposed approach to setting maximum fares.
19 The earlier session was about the structure of fares. This
20 is about setting the maximum fares. I am going to invite
21 Cato Jorgensen from the Secretariat to begin with
22 a presentation summarising our approach before we seek
23 comments from those around the table and the wider
24 audience.
25
26 MR JORGENSEN: As Peter was saying earlier, we released
27 a methodology paper last week, so I will quickly run
28 through the high-level points from that paper.
29
30 We proposed a new methodology to find fare levels
31 which builds on our old approach. Fares currently recover
32 a small proportion of total costs, and the majority of the
33 costs are paid for by taxpayers through a subsidy. The key
34 question under both our old approach and our new proposed
35 approach is how much of the costs should be borne by
36 taxpayers versus how much should be paid for by users.
37
38 How we come up with these shares differs between the
39 new approach and the old approach. The Government has
40 also asked us: can fares be used to encourage more efficient
41 delivery and use of public transport; could fares be used
42 to spread demand across different time periods; and should
43 there be more integration of fares across modes?
44
45 We think our new approach will allow us to better
46 consider a broader range of objectives. We also developed,
47 as a starting point, a set of assessment criteria that will

.15/09/2015 37

Transcript produced by DTI

1 allow us to ensure that we consider all the relevant
2 legislative requirements as well as the matters specified
3 in the referral from the Minister.
4
5 These are whether the fare option that we are
6 considering encourages efficient use of public transport,
7 promotes efficient delivery of public transport, encourages
8 greater use of public transport, minimises impacts on
9 passengers, whether it is logical, predictable and stable
10 over time and whether it increases farebox revenue or cost
11 recovery.
12
13 There is obviously a bit of conflict between some of
14 these assessment criteria, for example, minimising the
15 impact on passengers and increasing the revenue. This is
16 where the Tribunal will need to use a bit of judgment when
17 balancing these criteria.
18
19 There are four key steps to our approach. The first
20 step is to estimate the fares that would encourage more
21 efficient delivery and use of the public transport network.
22 These are known as socially optimal fares and would, in
23 theory, generate the largest benefit to society by
24 encouraging optimal use of the public transport network.
25
26 Step 2 is to develop additional fare options that
27 could assist with transitioning to the socially optimal
28 fares, and we would also consider options for more
29 integrated fares across modes.
30
31 Under step 3, we would assess all the different fare
32 options that we have come up with against the full set of
33 assessment criteria, and the Tribunal would then select the
34 option that they consider strikes the best balance between
35 these criteria.
36
37 Finally, we need to decide on which form our fare
38 determination should take, in particular, whether we should
39 continue setting average maximum fares across a group of
40 fares or set maximum fares for each individual fare.
41 I will explain this a little bit further later.
42
43 So the focus of our methodology paper is predominantly
44 on step 1, how we estimate the socially optimal fares.
45 I will talk a bit about that now.
46
47 In the past, we set fares for each mode separately by

.15/09/2015 38

Transcript produced by DTI

1 estimating the total efficient costs and the total external
2 benefits from the service, like reduced congestion and
3 reduced pollution. Then we set the taxpayer contribution
4 equal to the total external benefits, and we set fares to
5 cover the remaining costs.
6
7 So what we were doing then was we were looking at each
8 mode of transport separately and we did not factor in the
9 dynamic nature of transport, like high demand for one mode
10 might change in response to fare changes for that mode and
11 for other modes, and also how costs and external benefits
12 would vary depending on the usage on all modes and on
13 other factors, like road congestion.
14
15 Under our new approach, we are proposing to take into
16 account this dynamic nature of transport when estimating
17 the socially optimal fares. These socially optimal fares
18 will reflect the full social cost of additional passenger
19 journeys, including external costs and benefits. The costs
20 and benefits of a passenger journey depend on the mode use,
21 whether the journey is made in peak or off-peak and the
22 distance travelled, so we are proposing to estimate
23 socially optimal fares for different combinations of these
24 factors.
25
26 We are also proposing to estimate socially optimal
27 fares from a medium run perspective and a long run
28 perspective. Socially optimal fares are likely to differ
29 between the medium run and the long run because the costs
30 and benefits are likely to be different. We think it is
31 important to have an eye to how the socially optimal fares
32 might differ under these time frames when we are deciding
33 on the maximum fare levels.
34
35 The medium run, under our definition, corresponds to
36 the three-year pricing period. In calculating the socially
37 optimal fares for this period, we would focus on costs and
38 benefits that are variable within this period, like the
39 costs and benefits of putting more buses on the road to
40 meet peak demand.
41
42 The long run is looking at a period of 10 years or
43 more into the future and we think it is important to
44 consider the costs and benefits of major transport
45 investments currently being made by the Government. These
46 investments are intended to generate benefits far into the
47 future, so we need to take a long run perspective in

.15/09/2015 39

Transcript produced by DTI

1 considering the impacts of these investments.
2
3 So to estimate the socially optimal fares, we need to
4 estimate the financial costs of serving each additional
5 passenger, the associated external costs and benefits, the
6 burden of raising taxes for public transport subsidy, and
7 we need to forecast demand and consider how demand might
8 change if fares change.
9

10 Once we have developed a set of fare options, we will
11 assess all these options against the full set of assessment
12 criteria. This includes estimating the impacts on the
13 fares paid by passengers, the farebox revenue and cost
14 recovery, the number of passenger trips for each mode and
15 the overall net benefits to society. The Tribunal will
16 choose the option that they consider strikes the best
17 balance between the assessment criteria.
18

19 Then finally, as I was saying before, we need to
20 translate our chosen fare option into a legal
21 determination. We could either set maximum fares for all
22 fares individually or we could set maximum average fares
23 for groups of fares, for example, separately for each mode
24 of transport, separately for peak and off-peak fares but
25 the same across modes or separately for peak and off-peak
26 fares and separately for each mode.
27

28 We have a few questions for you on this methodology.
29 Firstly, do you agree with our proposed assessment
30 criteria? Do you agree with the four key steps in our
31 proposed approach? Do you agree with our proposal to
32 estimate socially optimal fares for a medium run time frame
33 and a long run time frame? And should the legal
34 determination set maximum fares individually or should it
35 set maximum average fares for groups of fares?
36

37 Back to you, Peter.

38 THE CHAIRMAN: Thank you very much, Cato. This is quite
39 a technical paper, so if there are some terms that you are
40 not familiar with, please just ask and we will do our best
41 to explain. Would anybody around the table like to make
42 a contribution?
43

44 This is actually about how much should the fare be?
45 The previous session was about the structure of fares,
46 whether you should have peak or off-peak for buses or

1 trains, whether you should have a frequency discount or
2 not. This is actually about how much should the basic fare
3 be?
4

5 What we are proposing is that the socially optimal
6 fare would reflect the cost of providing the service minus
7 the external benefits, such as reduced congestion, reduced
8 pollution and crowding and what have you, and then we would
9 get the fare that the passenger would pay, and the taxpayer
10 would basically pay for the external benefits. So that's
11 just a quick summary of the paper.
12

13 Jacqueline?

14
15 CR TOWNSEND: Just a question before I comment. The long
16 term - I need a little bit more information around that, if
17 I could. When you say you are going to take into account
18 the major infrastructure investments made by the State, for
19 example, the WestConnex project - well, that's just one of
20 the projects identified - how do you see that impacting on
21 a fare in the long term?
22

23 THE CHAIRMAN: I will just give a high-level answer and
24 then I'll ask Cato or Mike Smart, our economist. Where you
25 have a large investment in the future - a good example, if
26 we can just use it, is the second harbour crossing. So if
27 you have that large investment in the future, that is
28 a large capital project and the costs of providing the
29 transport services have to reflect a return on that
30 investment - that is a return on the outlay of the
31 investment - and also the depreciation, because these are
32 the capital costs of providing it. So even though it's in
33 the future, we need to start factoring it in to fares as we
34 go forward.
35

36 I'll hand over to Mike.

37
38 CR TOWNSEND: And if you could address on, does that
39 mean if it's a road project, you would be encouraging more
40 people to drive a vehicle over it, to get them off public
41 transport and back on the roads? That's how I'm reading it
42 and that's setting an alarm bell off with me.
43

44 MR SMART: I'm Mike Smart and I'm the chief economist at
45 IPART. I'll talk about the medium term and the long term,
46 and we are analysing each of those. In the medium term, we
47 are assuming that infrastructure investments in the railway

1 network and in the road network are essentially fixed and
2 we are pricing to recover the marginal costs of providing
3 service by each of the public transport modes. That, in
4 a way, is a bit simpler to calculate because it is rather
5 more concrete.

6
7 The problem with only looking at it in that way is
8 that the public transport fares don't reflect the full cost
9 of providing public transport in the long run, because in
10 that long run you have potentially very large
11 infrastructure investments that might be needed.

12
13 Turning to that long run, Peter has raised the example
14 of the second harbour rail crossing, which is I think
15 a good investment to focus on. Potentially that will
16 increase the capacity of the entire railway system by
17 a large amount, possibly around 30 per cent. That's a huge
18 increase in the amount of rail travel that would be
19 possible in the future, but of course the capital cost of
20 doing that is very high. Normally in a private scheme, you
21 would look at that extra capital cost and then you would
22 spread that out over the extra usage.

23
24 The thing that makes this long run analysis a bit
25 complicated, though, is that these large investments have
26 wide-ranging effects across the whole economy and society.
27 Not only does it increase rail capacity, it will change the
28 balance between new road construction and new public
29 transport infrastructure. It could delay investment in new
30 road assets. It could save some money in terms of the road
31 program, and that would be a benefit that would go against
32 the capital cost of the railway infrastructure. There are
33 other things, like the whole way that the city functions
34 may change if you improve the transport links in that way.

35
36 THE CHAIRMAN: Mike, I think one of the points that
37 Jacqueline is asking - and I dodged it by using the Sydney
38 Harbour crossing, because with the Sydney Harbour crossing,
39 you can say, well, that expands the transport network,
40 which is just what you've said. I think the point is that
41 on this graph, we have, for example, WestConnex, which is
42 road. I think the question is how does this feed into
43 public transport? If you build WestConnex, isn't that just
44 providing more options for motor vehicle users? There are
45 buses, of course. So how would that fit in?

46
47 MR SMART: The answer to that question is that a major

.15/09/2015 42

Transcript produced by DTI

1 road investment will make it easier to use automobiles, and
2 I guess that will tend to tip the balance a bit away from
3 public transport.

4
5 CR TOWNSEND: Doesn't that go against the grain and
6 purpose behind building an efficient public transport
7 network? One of the things we're talking about is fares
8 and equitable usage of public transport to encourage it,
9 but by building a road network, which is obviously going to
10 be put on to a public transport user because you're saying
11 it's a benefit to a public transport user, we're going to
12 build infrastructure and a person who still wants to
13 continue to use public transport will be paying a higher
14 fare to allow people in a motor vehicle to drive at
15 a lesser time expense. So where is the equity in that for
16 a public transport user when we're going to be paying
17 a higher fare to pay for building roads?

18
19 MR SMART: The way that we're approaching it is we're
20 looking at specific points in the future and we're looking
21 at the investment program that's likely to unfold at each
22 of those times. That's investment in the railway network
23 as well as the road network. Then at each point, we're
24 saying given the infrastructure on both sides, road and
25 rail, that will be in place then, what would be the optimal
26 fare structure or the optimal level of fares for public
27 transport? We don't know what the answer to that is and we
28 won't until we have done the work.

29
30 MR WILLETT: Just to clarify a point here, we are not
31 suggesting that public transport users are going to pay for
32 road investment for use by cars, but that investment is
33 relevant to our consideration of calculation of
34 externalities, because that has a big impact on congestion
35 and things like that.

36
37 So it's taking these investments into a broader
38 picture, but it is not the case that we're saying that
39 train users should pay for improvement of the road network
40 so that people can drive cars. That's not what we are
41 saying.

42
43 CR TOWNSEND: Maybe that's how I read this. That's how
44 I read this, and a response to these questions would be
45 that I would totally, on behalf of SHOROC, oppose any
46 increase of fares, any consideration or otherwise of any
47 contribution by the State Government in a road network that

.15/09/2015 43

Transcript produced by DTI

1 would impact on a public transport fare.
2
3 THE CHAIRMAN: Can I just clarify this, because it is
4 tricky stuff. What this says is that the State Government
5 has decided to do certain projects. Some, like the second
6 Harbour crossing and that sort of project, are a direct
7 investment in the infrastructure of public transport.
8 There are other investments which are in roads, which
9 basically serve motor vehicles.
10
11 We need to take that into account when working out the
12 optimal fare structure. That's not to say whether one
13 should or should not have been done. The decision has been
14 made to make that investment across transport by the
15 State Government, in both public and private. We need to
16 know what those large investments are in order to work out
17 the socially optimal fare.
18
19 MS HOWE: So the flow-on from that could arguably be that
20 the WestConnex, for example, may not have a financial
21 impact on --
22
23 THE CHAIRMAN: They might not.
24
25 MS HOWE: It's just that it is part of the equation.
26
27 THE CHAIRMAN: It is part of the equation.
28
29 MR WILLETT: That's right. It might have an impact on the
30 cost of bus services, but only a minor impact, because the
31 biggest use of that investment is actually by cars.
32
33 MR MORRIS: And trucks.
34
35 MR WILLETT: And trucks.
36
37 CR TOWNSEND: You see that alone, that one comment there,
38 is something that SHOROC would strongly oppose, even
39 a minor impact, because by putting more people on public
40 transport you are lessening the congestion on the roads in
41 any event, because less people are in their cars, using
42 cars. That's the whole purpose behind public transport.
43
44 So SHOROC would argue that the more people you can get
45 onto a public transport system through efficiency and cost
46 fairness, you are going to have less road congestion, which
47 is going to benefit the driver who needs to drive in any

.15/09/2015 44

Transcript produced by DTI

1 event. So we say the costs should factor that.
2
3 THE CHAIRMAN: And that is taken into account, because the
4 more people that you get on public transport, the less
5 congestion, and that's reflected in the fact that the fares
6 are lower than they otherwise would have been, because it
7 is delivering that external benefit.
8
9 CR TOWNSEND: Yes. Delivering a new public transport
10 system, such as a second rail crossing, I totally
11 understand, accept and support that being factored in as
12 part of a fare regime, but I would not support the building
13 of a road to be built into a fare.
14
15 THE CHAIRMAN: And it is not.
16
17 MS WALTON: Mr Boxall, I did have something to say about
18 this, because I'm not sure if you have changed it since,
19 but in one of your last papers the way this approach wound
20 up playing out was that there was a recommendation that if
21 there were fewer people on a public transport service, the
22 fares should be higher, and if there are more, the fares
23 should be lower, which was directly opposite, of course, to
24 everything that we were saying this morning.
25
26 But the reason that WestConnex matters and the roads
27 investment matters is because you can get something that
28 a transport analyst the other day called the Downs-Thomson
29 paradox, which is: you build WestConnex, the public
30 transport patronage on the adjoining rail line falls. When
31 the patronage falls, the government typically reduces
32 services, but, more to the point on IPART's last
33 recommendation, the government comes in and raises the
34 fares, thereby causing more people to desert the public
35 transport system for the road, which, within five or six
36 years is just as congested as it was in the first place.
37 We have really serious problems with this methodology.
38
39 THE CHAIRMAN: And you will be pleased to hear, Julie,
40 that one of the benefits of the new approach is to tackle
41 that very issue.
42
43 Do you guys want to explain that a bit more?
44
45 MR SMART: Well, I could just amplify that by saying that
46 the situation you are referring to comes about when you
47 have average cost pricing, so you have a cost pool and you

.15/09/2015 45

Transcript produced by DTI

1 spread it over a diminishing base of customers, and so the
2 prices go up. That's not the approach that we are taking
3 here.

4
5 MS WALTON: Now? Because it was before.

6
7 THE CHAIRMAN: Now. It was before.

8
9 MR SMART: This is a different approach. This is
10 a marginal cost approach.

11
12 THE CHAIRMAN: This is a marginal cost approach, but also
13 it is tackling the four modes of transport at once. So I'm
14 glad you raised that. Yes. Any other questions or
15 comments around the table? Any questions or comments
16 from the floor? Ben?

17
18 MR MORRIS: With regard to the proposed assessment
19 criteria, there was a slide where you were going to put
20 into your assessment the burden caused by raising taxes so
21 that the government can subsidise public transport.

22
23 Are you also, in that part, looking at the burden that
24 has been put on the taxpayer from the road users? Because
25 if you go back to the Finemores case in the High Court,
26 Garfield Barwick went right through and ruled that this
27 transport company didn't have to pay much taxation.
28 I think you will find that transport companies don't pay
29 much taxation, but, therefore, they are not adding to the
30 taxation that the government is getting that can pay for
31 these roads. So you have a disproportionate payment back.
32 The people who really can't afford it are paying high
33 prices for their train fares, whereas the people that
34 should be able to afford it, because it should be in their
35 cost of delivering goods, are not paying for the full
36 amount of damage they are doing to the roads. You see the
37 B-doubles with eight and 10 axles - can you imagine the
38 damage that does to the road?

39
40 That comes to another problem that is not captured in
41 this. Repair costs, running repair costs are generally
42 hidden in a budget, whereas capital costs are easily
43 defined and everyone can see them. But repairs and
44 maintenance are stuck out the back and people slip it in in
45 all kinds of ways and it is never really caught in the
46 total cost of what the roads are costing the taxpayer.
47 Whereas we are going to catch everything against the poor

1 old travelling passenger on the public transport with all
2 the costs.

3
4 THE CHAIRMAN: Okay. That has raised a lot of interesting
5 issues, Ben. In approaching this, the alternative is that
6 people can use the roads for virtually nothing, apart from
7 toll roads. So people can use the roads for virtually
8 nothing. So, therefore, if somebody is sitting at home at
9 Wollongong, where you guys are, and wondering whether to
10 drive to Sydney for this session or to take the train, you
11 will say, "Well, if I drive, I have to pay for petrol" -
12 and I don't think there are any tolls - "I have to pay for
13 petrol, and parking when I get there. Those are the costs
14 that I will pay." You are not factoring in the fact that
15 the government has spent a lot of money investing in all
16 those roads.

17
18 MR MORRIS: Right.

19
20 THE CHAIRMAN: The alternative is you can take a train,
21 which is what you did, and you pay the fare. Now, what
22 this analysis does is it takes account of that, and it
23 says, because you took the train and didn't take the road,
24 which was free, your fare should be less than the cost of
25 the train. Less than the cost of the train. The question
26 is, how much less?

27
28 Well, we can make estimates and we've done papers on
29 this, on what you have saved in terms of congestion, what
30 you have saved in terms of pollution and all that sort of
31 stuff. But there is one other factor that goes the other
32 way, and that is that in order to pay for that external
33 benefit - which, when you add it across everybody is a lot
34 of money - in order to pay for that, the government has to
35 raise taxes, and so, therefore, there is a cost on the
36 community as a whole, including you and everybody else,
37 and so we take into account that cost, and it is the impact of
38 raising taxes on the rest of the community.

39
40 We do it using the most efficient taxation, and,
41 broadly speaking, the most efficient taxation for practical
42 purposes is the GST. So we look at a GST. And so this is
43 an effort to balance it up, because if you think about it,
44 there are a number of externalities, and we try and take
45 into account all of them, but let's think of the big ones.
46 The big ones are reduced congestion, reduced pollution.
47 There are issues about reduced accidents and stuff like

1 that. They are the big ones. Then they all argue for the
2 fare being less than what it costs.

3
4 There is one factor that goes the other way, and that
5 is the fact that there is a cost for the government of
6 raising tax on everybody in New South Wales to pay for
7 that. So that's how we take account of that.

8
9 The issue about whether road transport pays enough tax
10 or not - those issues - that's all important, but it is
11 a more general sort of taxation policy issue. But, in a
12 sense, we have tried to take account of that, and that's
13 the way we're trying to do it. Thank you.

14
15 MR IACOPETTA: So just relating that back to the
16 WestConnex scenario, with this changed approach, would that
17 mean that perhaps it would be more likely that when a major
18 piece of road infrastructure like WestConnex is open,
19 public transport fares will either be held for longer than
20 they otherwise would be, or potentially reduced, to balance
21 out these competing demands and still maintain good usage
22 of the public transport infrastructure?

23
24 THE CHAIRMAN: What we need to do is to look at the longer
25 term, so we have, say, the Sydney Harbour crossing on the
26 one hand and WestConnex on the other. There are a couple
27 of things just to keep in mind which are analytical
28 complications. One is that if - if - and I don't know
29 a lot about WestConnex, but if it is a toll road, when
30 people decide to drive on it they do need to take that into
31 account, right? If it is not a toll road, which means
32 effectively you are driving on it for no charge, you would
33 have a situation where more people would be able to
34 exercise the option of driving, so this would have some
35 impact on the level of externalities when you calculate the
36 externalities to actually work out the fare, which I just
37 explained - you take the total cost, then you have to
38 subtract off the value of the externalities and then you
39 get a lower fare, to calculate that out. Off the top of my
40 head, which way would that go? There are a number of
41 things. It might mean that encouraging somebody to be on
42 the train generates a greater externality, so it might have
43 an impact, at the margin, on the fare that is set. Would
44 it remain for longer? The question then is that we are
45 asked to set the fares over three years, so we would look
46 at the impact of large investments for a three-year period.
47 Whether you would actually keep it in place longer -

.15/09/2015 48

Transcript produced by DTI

1 I think that is a second-order issue. I think the
2 first-order issue is taking account of the fact that we
3 know these investments are coming. Some of them have
4 already started, some of the construction has already
5 started; for others, decisions have been made. We know
6 they are coming. So we need to, in calculating the
7 long-run socially optimal fare, take them into account, and
8 it is easier to see how a Sydney Harbour crossing is taken
9 into account, because people can see, they can understand
10 that is expanding the network, they can understand that
11 that is a cost that has to be paid for. It is more tricky
12 so see how an investment in a large road such as WestConnex
13 will come in, because it is influenced through
14 externalities, which is a little more complex.

15
16 MR BRAXTON-SMITH: I was just going to offer a little
17 scenario that might play out as far as WestConnex is
18 concerned based on our modelling and our understanding of
19 the project. So WestConnex will be a toll road. It will
20 take long-distance traffic off of Parramatta Road and it
21 will also take a lot of heavy vehicles and commercial
22 vehicles. That will be its primary purpose, heavy
23 vehicles, commercial vehicles and then through traffic.

24
25 If you asked us today to put in a dedicated bus
26 service down Parramatta Road, whether it was kerb-side or
27 however it was, we cannot put more bus services down
28 Parramatta Road today to provide better public transport.
29 It just won't happen because it is a congested road.

30
31 So, post WestConnex construction, through traffic and
32 heavy vehicles and commercial vehicles move off
33 Parramatta Road, Parramatta Road is freed up for us to be
34 able to put on more intermediate-distance public transport,
35 and it enables freer flow for local traffic journeys. That
36 is the scenario that we are looking at.

37
38 THE CHAIRMAN: Yes. So this is a really good example of
39 what you need to take into account, because under Tony's
40 example, what it's actually doing is expanding the capacity
41 of the bus network. It has the potential to expand that
42 capacity.

43
44 MR BRAXTON-SMITH: It has the potential to expand the
45 public transport capacity on that corridor.

46
47 MS WALTON: So long as you are quick, before the traffic

.15/09/2015 49

Transcript produced by DTI

1 builds up again.
2
3 MS HOWE: NCOSS wanted on the record some comments
4 around the assessment criteria, because one of the questions was
5 whether we agreed with it or not. We would say, in short,
6 we think many parts of it are pleasing, so that is good.
7 Given that the importance of public transport to the most
8 vulnerable in our community is paramount, we would say that
9 we hope that using this criteria in the end you would get
10 more services available to a larger number of people, and
11 that encouraging greater use of public transport, knowing
12 that many people miss out accessing public transport for
13 a variety of reasons, we would hopefully start to encourage
14 greater use of public transport through this mechanism as
15 a part of assessing the fares. And the other thing is -
16 and it may be a bit controversial to add in a new
17 criterion - we would be thinking accessibility is a really
18 key issue, even if it is embedded within your criteria in
19 some way. We would say that accessibility is a huge aspect
20 to the public transport system.
21
22 THE CHAIRMAN: By "accessibility", you mean increased
23 services?
24
25 MS HOWE: Absolutely. Accessibility has many aspects to
26 it. We were talking before about being able to just top up
27 your Opal card as a thing - accessibility across the whole
28 system.
29
30 THE CHAIRMAN: Okay, thank you.
31
32 MS MORRIS: Can I just add in physical accessibility as
33 well, like lifts at railway stations, et cetera?
34
35 THE CHAIRMAN: Thanks, Jennie;
36
37 MS WALTON: Mr Boxall, is there a date for submissions on
38 this paper?
39
40 THE CHAIRMAN: Yes. 9 October.
41
42 MS WALTON: Okay, because I think maybe a lot of these
43 things are going to take some thinking through.
44
45 THE CHAIRMAN: They are, and apart from consulting with
46 the public forum here, we are also consulting with other
47 more technical groups.

1
2 MS WALTON: From APT's point of view, we have said before
3 that we think this a priori approach is leading to peculiar
4 results. We don't think it works.
5
6 THE CHAIRMAN: But we've dealt with that approach.
7
8 MS WALTON: This is different. The basis that was just
9 outlined by Mr Jorgensen was still that you ascertain what
10 you think are the external benefits and you allocate to the
11 public the costs that you believe correspond to the
12 external benefits.
13
14 We said in earlier submissions that we don't think you
15 have got all the external benefits properly captured, but
16 even leaving that aside, we think that starting from that
17 proposition is not the right way to go. It is one thing to
18 analyse what the costs are, but to start with a proposition
19 that this is going to be the way the fares are set we think
20 is not working and needs reconsideration.
21
22 THE CHAIRMAN: Do you have a suggestion, an alternative
23 approach?
24
25 MS WALTON: Yes, delete the a priori assumption that
26 that's the way you are going to allocate the costs to the
27 public purse, because it is all going to depend, really, on
28 the answer to some of the other questions - what the impact
29 is going to be on the usage of the system, what the impact
30 is going to be on the way the city develops, various things
31 that you are proposing to take into account. So we think
32 that that initial statement that this is how you are going
33 to divide it up, in the end, is rarely sustained, because
34 the government can rarely accept the recommendations as
35 they come out anyway, and we don't think that it is
36 methodologically sound.
37
38 THE CHAIRMAN: Thank you, Julie.
39
40 MR SANDELL: I just have a query about one of the
41 assessment criteria, the one which says that you want to
42 encourage efficient use of public transport. That implies,
43 as came up in the earlier session, that people can choose
44 which mode of transport they can travel by and the time of
45 day that they can travel by. I just think that that is
46 probably more theoretical than real, because for most
47 people they only have one mode of public transport

1 available to them, and the time of day that they need to
2 travel is not something that they necessarily have any
3 control over. They have to go to work at a certain time or
4 they have to do whatever they need to do at certain times.
5

6 So I understand that from an economic perspective you
7 love that sort of notion, but in the real world I don't
8 think it really - you know, those decisions about the mode
9 of transport that people choose - it is actually determined
10 by Transport for New South Wales.

11
12 THE CHAIRMAN: Transport for New South Wales no doubt
13 tries to offer the network and services that are demanded
14 by the people, and they do adjust it in response to changes
15 in patronage. Would you like to say something?
16

17 MR MURRAY: No, I agree. We work with the operators to
18 provide the services that meet those customers' needs. The
19 demand for those services also drives the supply on those
20 services.
21

22 MS MORRIS: That's clearly not the case, because for
23 years, the 10 years that we have lived in Wollongong, that
24 2.30 train is the peak hour, and it is still a four-car
25 train and it is still standing from Hurstville to Kiama.
26 So it is not customer driven, it is New South Wales
27 transport driven.
28

29 MR MURRAY: I mean, we are trying to work the network as
30 a whole and we are trying to respond to customer --
31

32 MS MORRIS: That is 10 years of customer complaint with no
33 change.
34

35 THE CHAIRMAN: I think that is well and truly on the
36 record, Jennie, and Transport for New South Wales --
37

38 MS MORRIS: I am simply trying to back up this gentleman
39 when he says that actually our transport options are not
40 the ones that we choose; they are the ones that are
41 offered - the assumption that that is a choice --
42

43 THE CHAIRMAN: But there are cases where Transport for
44 New South Wales has adjusted certain networks and timetables
45 in response to changes in demand and in response to people
46 making suggestions and complaints, but, anyway, Wollongong
47 is well and truly on the record, and Transport will take

1 a look.
2

3 MR IACOPETTA: Just one thought that I was reminded of -
4 it did come up in the last session - the transfer window
5 where you can hop off, do something else, then get on
6 a service again for one hour. That's, I think, a very
7 important mechanism to facilitate efficient use of
8 transport. I think that is really important to maintain
9 that, and that can be an option when, if you are thinking
10 about - like coming here today, I did travel in peak hour,
11 but sometimes if I have to come into the city in the
12 morning I will leave before or after 9, but if I leave
13 before, I will just do something else in the morning that
14 I was planning to do in the city. So there are ways of
15 still making some choices, with some of the options we
16 have.
17

18 MR LOVELL: Many people who use the PET can do the same
19 thing.
20

21 CR TOWNSEND: I want to go back to the long-term
22 assessment criteria about the WestConnex. I appreciate the
23 ability to develop better infrastructure, public transport
24 infrastructure, along Parramatta Road post WestConnex
25 coming on line, but the cost that should be factored in
26 should be the cost only of the increased public transport
27 infrastructure along Parramatta Road to the fare and not to
28 the building of WestConnex. I think what the WestConnex
29 does is allow the government to develop and deliver
30 a better public transport network along Parramatta Road,
31 but it's that cost of the infrastructure along
32 Parramatta Road that should be factored in and not the
33 WestConnex cost.
34

35 THE CHAIRMAN: Just let me clarify, talking
36 hypothetically, if Parramatta Road is freed up and then
37 Transport for New South Wales believes that because
38 Parramatta Road has been freed up they are able to put on,
39 for example, additional bus services, that, in effect, has
40 expanded the public transport network, because you can now
41 have bus services on Parramatta Road which were previously
42 not possible because of congestion and what have you.
43

44 So in terms of the impact of costs, it would only be
45 the expense of the actual extra buses and, in the event
46 that they need to put in new bus stops or other kerb-side
47 infrastructure, it would only be that. It would not be the

1 cost of WestConnex, okay? So that is one issue.
2
3 Then the other issue which we discussed before was the
4 impact that it might have on externalities.
5
6 MS HOWE: You have this proposal around medium-run time
7 frames and long-run time frames. Absolutely that seems
8 appropriate in the circumstances and very sensible.
9
10 It may be implicit, but we would be saying it should
11 be explicit, that this should not remove the requirement to
12 conduct some medium-run time frame reviews, because you
13 don't know what you don't know, and it would be really
14 important - that would be our view - and particularly the
15 impact on the most vulnerable and --
16
17 THE CHAIRMAN: You mean medium-term reviews of prices?
18
19 MS HOWE: Yes.
20
21 THE CHAIRMAN: Well, the medium term is three years.
22
23 MS HOWE: And that would have to be explicit.
24
25 THE CHAIRMAN: Yes, so in three years' time we will go
26 through all this again. We look forward to seeing you all
27 again.
28
29 MS HOWE: That's what we hope.
30
31 THE CHAIRMAN: We will, yes.
32
33 MS HOWE: The 10-year time frame is a good thing, it gives
34 some certainty, but you need to look at it.
35
36 THE CHAIRMAN: John?
37
38 MR WEBB: This is sort of going in another way: one of
39 the issues is the volume of people travelling in the peak
40 hour, and one of the big issues there is the
41 schoolchildren. Now, there has been the suggestion that,
42 particularly for adolescent schoolchildren, they actually
43 work better later in the day, but of course if we move them
44 later, and hopefully away from the morning peak hour, then
45 we might run into the evening peak hour.
46
47 But the extreme example that we heard about was

1 someone who lived at Cronulla, and I'm sure Gosford High
2 School is a wonderful high school, but travelling from
3 Cronulla to Gosford and back every day is arguably an abuse
4 of the system, really. So maybe there is a factor in there
5 of a big group, the schoolchildren, and it's great that
6 they go to school, but I don't know, maybe there is some
7 factor there that could be adjusted.
8
9 THE CHAIRMAN: Okay, thanks, John.
10
11 MS PARFITT: I will just be quick. Can I just say that
12 the City is in overall support of the assessment criteria,
13 I think you have obviously got a very complex task and that
14 covers a lot of things that a fare structure needs to
15 address.
16
17 One of the comments around the increase in farebox
18 revenue is that we think it's important that if there is an
19 increase in farebox revenue, that that is reflected in an
20 improvement in the quality of services that are delivered.
21 I think that makes it much more palatable to people using
22 those services, when they can actually see that they are
23 getting something for those fares.
24
25 THE CHAIRMAN: Thank you very much, Bonnie. Anybody
26 else? Any last -minute contributions?
27
28 MS HOWE: I have a quickie.
29
30 THE CHAIRMAN: Yes, that's fine.
31
32 MS HOWE: Adding on to the accessibility issue, it's about
33 accessibility of fares. If you're vulnerable, on a low
34 income, then that is an issue for you, being able to access
35 the system when you can't afford it.
36
37 THE CHAIRMAN: Thank you. Robert?
38
39 MR IACOPETTA: I'm just wondering, if the review is meant
40 to happen every three years, hopefully more frequently data
41 will be published about the usage of the network. So if we
42 hopefully move more towards pricing based on congestion,
43 then we, as the community, can see the data and can be then
44 more accepting of cost changes based on the congestion
45 data.
46
47 THE CHAIRMAN: Thanks, Robert.

1
2 MR EVERETT: With the advent of the Opal card, there is
3 more data available on how the system is being used, so
4 I suppose there is an opportunity for that data to be made
5 more available and to assist with the planning of the
6 system, and I think that's something that Transport for NSW
7 is looking at.
8
9 MR MURRAY: I'll take that on notice. BTS do publish
10 a lot of information around usage of the system, but I'll
11 go back to them and check what the plans are for Opal usage
12 and how that information can be communicated publicly.
13
14 MR IACOPETTA: If that came out every six months, we
15 could start seeing those changes, start being aware of it, then
16 we can all adapt our behaviours and we can get ready for
17 the pricing changes, peak and off-peak definitions,
18 et cetera.
19
20 MR MURRAY: Yes.
21
22 THE CHAIRMAN: Good, thank you. Anything else?
23
24 MR BAILEY: I'm Mike Bailey from NCOSS. If I could just
25 add to something Tracy was touching on, and that is to get
26 to the external costs, the taxation issue that's being
27 looked at. I guess I'm just foreshadowing what we will
28 probably put in our submission on this. So the assumption
29 is - correct me if I'm wrong - that if there is increased
30 investment in public transport, to cover the social
31 benefits that arise from each passenger journey, then there
32 will need to be increased taxation to meet the costs of
33 that and so that's calculated in the overall social
34 cost/benefit?
35
36 THE CHAIRMAN: I know that Julie doesn't like this, but
37 think about if the total cost of providing public transport
38 is X and the net external benefits are Y, then the fare is
39 X minus Y.
40
41 MR BAILEY: Yes.
42
43 THE CHAIRMAN: So the fare is less than the total cost.
44
45 MR BAILEY: Sure, yes.
46
47 THE CHAIRMAN: So the Government pays the difference on

1 behalf of all people in New South Wales. In order to pay
2 that difference, they have to go out and tax everybody,
3 including people who use public transport - everybody.
4
5 When you levy taxation, it changes the way people do
6 things. For example, if you have a large consumption tax,
7 then people will consume less than they otherwise would
8 have, and there's a certain cost associated with that. So
9 that's the issue. Do you want to make --
10
11 MR BAILEY: Yes, I guess what I was saying in terms of
12 basing that on the GST and the impacts of the GST, you guys
13 would know this, but the nature of State taxes is so
14 imprecise in terms of how governments meet the costs of
15 things, and I would suggest that given the GST is a federal
16 tax spent by the States and it's, of course, a major source
17 of State revenue, making those sorts of assumptions is very
18 imprecise.
19
20 The other thing, too, is that the costs of public
21 transport or any form of government expenditure are met
22 through a variety of mechanisms which aren't necessarily
23 dependent on taxes. You may have taxes which affect
24 different sections of the community. I'm not an economist,
25 so maybe an economist can come up with a model that
26 accurately captures that; I'm not sure. I guess what I'm
27 saying is that I would think assumptions about the forms of
28 taxation that would meet the costs of that and the impact
29 of those forms of taxation on the broader community - I'm
30 not sure you can calculate that with any precision.
31
32 THE CHAIRMAN: Well, you can't. You make an estimate.
33 The question is about which tax. This is a public forum,
34 with submissions. We're open to suggestions. There are
35 other taxes which have a different incidence. For example,
36 income tax has a different incidence than GST. GST is
37 a more broad-based tax, so it tends to impact everybody
38 across the community, depending on their expenditure. It
39 tends to have a more broad-based impact, so, in a sense,
40 it's less distortionary in economic terms. When you
41 calculate the amount of the impact of taxation, it's
42 actually a smaller amount than with a very distortionary
43 tax.
44
45 There is a lot of discussion in economics about which
46 taxes are more distortionary than others. You are quite
47 right to say that many of the State Government taxes - not

1 just New South Wales, but other State Government taxes -
2 are quite distortionary. What we've tried to do is go for
3 the one which is the least distortionary, and that's the
4 GST. It's true that it's raised by the Commonwealth
5 Government, but it is actually raised by the Commonwealth
6 Government and then handed over to the States. So that's
7 the idea, but we are open to suggestions on that.
8
9 MR WILLETT: Just to unpack the implications of that, by
10 taking that cautious approach to the GST, that's as close
11 as we can get to not taking account of these costs at all,
12 and minimising that cost actually reduces the cost of
13 funding the externality through public expenditure.
14
15 THE CHAIRMAN: In a sense, we're being conservative.
16
17 MR WILLETT: We're being very conservative in that
18
19 MR BAILEY: But not as conservative as you were before in
20 terms of not including this as a factor.
21
22 THE CHAIRMAN: No, not as conservative as then.
23
24 MR WILLETT: But very close.
25
26 THE CHAIRMAN: We try to evolve. Julie?
27
28 MS WALTON: The difficulty that Action for Public
29 Transport has with this is that there are a lot of items
30 that go along with the use of motor vehicles, such as the
31 costs of courts, police time, the costs of traffic control
32 facilities, all of which are recurrent kinds of
33 expenditure, and all of those things equally require the
34 raising of taxes to support all those functions.
35
36 We believe that you are tilting the field
37 unnecessarily and making it very complex. You're tilting
38 the field in such a direction that you will be winding up
39 recommending higher public transport fares by including
40 this. We think that it is unbalanced because it hasn't
41 been applied to the raising of revenue for costs associated
42 with motor vehicle use.
43
44 THE CHAIRMAN: The question there is, Julie, as you
45 probably know, we put out a paper on externalities where we
46 went through all the externalities and it turns out that
47 there are a number of externalities, but some of them are

.15/09/2015 58

Transcript produced by DTI

1 relatively minor in terms of the impact. So we have tried
2 to take account of all the different externalities.
3
4 In the case of the cost of raising the taxation, this,
5 in a sense, is us trying to work out what the net external
6 benefits are. It's not a question of us costing public
7 transport vis-à-vis roads. The government spends money on
8 roads. Apart from toll roads, it allows people to use them
9 without having to pay a toll. When a person makes
10 a decision, as we discussed earlier, whether you want to
11 hop in your car or whether you want to take public
12 transport, it's those factors that need to be looked at.
13
14 This is not a question of saying that the government
15 is not charging properly for roads. We know that. It
16 doesn't charge anything, and they cost a lot. But that's,
17 in a sense, taken as a given.
18
19 The question is when somebody makes a decision to take
20 public transport or not, what costs do they face and what
21 are reasonable costs for them to pay? We're saying that we
22 don't think it's right that people who take public
23 transport should pay the full cost. We don't think that's
24 right, because by taking public transport, they are
25 actually generating benefits for the rest of the community,
26 and we think that the rest of the community should pay
27 that. One can have a discussion about what proportion that
28 is, but that's the principle.
29
30 MS WALTON: I understand that. I guess what I'm saying,
31 though, is that you are introducing a distortion if you add
32 this, and we oppose adding this.
33
34 THE CHAIRMAN: That's good and we'll take that on board.
35 We think that it would be a distortion if we didn't include
36 it, because it would be underestimating the cost of
37 providing the subsidy. We think that would be a distortion
38 the other way. That's why we have these public forums.
39 People can put their points of view, and no doubt others
40 will put points of view which are similar to yours.
41
42 Ben, and then John?
43
44 MR MORRIS: You are giving two givens. One is that the
45 people that use roads don't have to pay for it. The other
46 given is that people that use public transport do have to
47 pay for it. And should not those two givens be challenged?

.15/09/2015 59

Transcript produced by DTI

1 Maybe I'll just leave it at that.
2
3 THE CHAIRMAN: Yes, they can be challenged, but that's for
4 another day.
5
6 MR WEBB: Perhaps one of the things we could contribute is
7 some of the factors to be taken into consideration, such as
8 the public toilets that the railway provides --
9
10 MS MORRIS: They don't. They're locked up. They're
11 locked up to keep the vandals out.
12
13 MR WEBB: And I realise that at Town Hall and Wynyard,
14 they have now gone in, so we have to use our tickets to get
15 access to them. What I'm trying to say is that there are
16 other factors. Okay, we can debate about the public
17 toilets, but the garbage bins, perhaps, and other things.
18
19 THE CHAIRMAN: Sure. There's an issue to do with the
20 general facilities and the quality of the railway stations
21 and things like that.
22
23 MR WEBB: And some people sleep on the trains. I often
24 sleep on the train going home, I know, but I have mates
25 whose bed is on the train. They sleep on the train.
26 You'll see them going to Kiamia in the morning, and back.
27
28 THE CHAIRMAN: All right. Thank you very much.
29
30 CR TOWNSEND: Mr Chairman, are you taking general
31 comments?
32
33 THE CHAIRMAN: Well, now is a great opportunity to make
34 final comments.
35
36 CR TOWNSEND: Thank you. In relation to the change short
37 term, could you consider free transport on the City Circle
38 train line? A lot of the changes that are coming in are
39 terminating buses at Wynyard, and to get across the city,
40 to look at efficiency and also congestion, I suggest and
41 ask and submit that free transport on the City Circle train
42 line be considered.
43
44 THE CHAIRMAN: Sure. Thank you.
45
46 MR WEBB: Just to add to that very briefly, part of this
47 change is getting rid of the free 555 bus along

.15/09/2015 60

Transcript produced by DTI

1 George Street, and also of course there are buses
2 terminating at the other end, at Railway Square.
3
4 THE CHAIRMAN: Sure. We're getting close to the end now,
5 so it's a chance for a final wrap-up, brief comments. I'll
6 just ask those around the table first. Anything more,
7 Bonnie?
8
9 MS PARFITT: No.
10
11 THE CHAIRMAN: Julie?
12
13 MS WALTON: We'll put in a submission.
14
15 THE CHAIRMAN: Yes, I'm sure you will. We look forward
16 to it from Action for Public Transport. Tracy?
17
18 MS HOWE: I have a general comment and I don't want it to
19 get lost. NCOSS's position is that the concessions should
20 be collapsed into the Gold card and it should all be one
21 thing. We think that that is achievable and would be good
22 overall for social impact.
23
24 THE CHAIRMAN: Thank you. Robin, and then Mike?
25
26 MR SANDELL: There was an earlier paper this year by IPART
27 on external benefits by mode, and there wasn't a reference
28 in the methodology document that has just been released to
29 external benefits by mode. Will that still be done,
30 calculated separately by mode?
31
32 MR SMART: Yes.
33
34 THE CHAIRMAN: Mike?
35
36 MR BAILEY: I'll just be really brief because we'll expand
37 on this in our submission. Our view, as well, from NCOSS
38 is that there ought to be a broader range of external
39 benefits considered, particularly in relation to social
40 inclusion, health benefits, increased employment
41 participation that arises from public transport use, as
42 well as greater use of education and access to education.
43
44 THE CHAIRMAN: Sure. We look forward to that, Mike.
45 Just keep in mind that these are social benefits. Some of the
46 benefits that you refer to, some might argue that they're
47 actually private benefits, that they're benefits to the

.15/09/2015 61

Transcript produced by DTI

1 individual as opposed to social benefits.

2

3 MR BAILEY: Okay, we'll address that. Finally, the final
4 question that you asked, about whether IPART should be
5 looking at average maximum fares or individual maximum
6 fares for different modes, our view is that you should
7 stick to maximum average fares. I think, as you note in
8 your paper, that would allow Transport for NSW a lot more
9 policy flexibility, and that's something we support.

10

11 THE CHAIRMAN: Yes. Thank you very much, Mike.

12

13 MR LOVELL: I have a final comment. The most important
14 thing that could come out of this is free transfers between
15 all the modes that are on the table.

16

17 THE CHAIRMAN: Thank you very much, Simon.

18

19 Okay, is that it? Thank you very much. It has been
20 a very interesting and stimulating session and we've
21 enjoyed it. It will definitely help the Tribunal in coming
22 to its decisions.

23

24 Just to reiterate that submissions to our fares
25 methodology paper are due by 9 October and also that any
26 information you have to support the positions you have put
27 forward today would be much appreciated.

28

29 The transcript of the hearing today will be available
30 on our website in a few days' time, and we will consider
31 all of the feedback we receive and release our draft
32 recommendations in December.

33

34 There will then be a further opportunity for everyone
35 to make submissions to our draft report and our draft
36 recommendations before we finalise our determination in
37 March next year.

38

39 Thank you all very much for coming and have a great
40 afternoon.

41

42 AT 1PM THE HEARING WAS ADJOURNED

43 ACCORDINGLY

44

45

46

47