

**Submission to IPART Draft Report: Maximum Opal fares until
July 2028**

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

Address: Level 3, 17-21 Macquarie Street (cnr Macquarie & O'Connell Sts), Parramatta NSW 2150

ABN: 11 244 559 772

Email: cpsa@cpsa.org.au

Website: www.cpsa.org.au

Phone: (02) 8836 2100

Country Callers: 1800 451 488

CPSA receives funding support from the New South Wales Government

Combined Pensioners and Superannuants Association

Combined Pensioners and Superannuants Association of NSW Inc (CPSA) is a non-profit, non-party-political membership association that promotes the rights and interests of pensioners of all ages, older people on low incomes and superannuants. Founded in 1931, our aim is to improve the standard of living and well-being of CPSA's constituents.

CPSA's core work is:

- Systemic advocacy on issues that impact our constituents, as identified through engagement and consultation.
- Providing information and referrals to the public through our information line and other communication channels.
- Publishing news, commentary and informational articles on our website that are circulated through a regular e-newsletter and monthly print publication, THE VOICE of Pensioners and Superannuants.

Our services are free to all members of the public, regardless of association membership.

CPSA's local branches provide members with the opportunity to have a say in their local community, as well as shaping the policy and advocacy work of the organisation. Many of our branches are in regional areas, and CPSA is proud to be a voice for our constituents across NSW.

CPSA receives funding support from the NSW Government Department of Communities & Justice under the Ageing Peaks program.

Contact

[REDACTED]

[REDACTED]

[REDACTED]

Position Statement

As we articulated in our response to IPART's issues paper on this topic, CPSA feels strongly that public transport should be affordable and accessible to people on low incomes across New South Wales. For many people, the cost of a ticket can mean the difference between leaving the house and staying in, especially as many people on low incomes face additional considerations such as disability and travel distance or lack of car ownership that makes different forms of transport impossible. This has critical implications for the independence of these groups and their ability to participate and engage in their communities.

At the same time, CPSA encourages IPART to recognise the existence of disadvantage beyond just the criteria covered by Concession and Gold Opal cards. We argue that there are many low income and disadvantaged people who are not eligible for any concession rates under the current fare structure. We note that these groups will be hardest hit by any increases to standard adult fare pricing, but will likewise benefit from reduced pricing or expansions of discounts.

CPSA also believes that the Opal pricing network should be extended across all of New South Wales so that people in every region of the state can access these benefits. In particular, we believe that Gold Opal cards be available for eligible people across the state to prevent social isolation and reduce the cost of transport: a cost that is disproportionately higher outside of the Opal pricing network. While we recognise that this may not be currently feasible depending on existing contracts with service providers, we nonetheless regard it as a high priority that should be pursued wherever possible.

CPSA argues that all disadvantaged communities must be at the heart of IPART's considerations because they are most heavily affected by issues of access and affordability. If their needs are fulfilled, then the public transport network will be made more effective and affordable for all passengers. If, on the other hand, these communities are overlooked, then IPART risks creating a two-tiered system in which public transport is a luxury that becomes out of reach for many vulnerable people. The social impact of IPART's decision should therefore not be underestimated.

CPSA also opposes the framing of the public transport network as a 'cost to the taxpayer'. Aside from the fact that an affordable and well-functioning public transport network provides benefits to users and non-users alike, and the fact that public transport is a vital and valuable component of any community, this framing relies on a misleading trope of public expenditure to misrepresent public transport improvements as necessarily paid for by increased taxes or cuts elsewhere. The NSW Government has numerous revenue channels including services, rents and royalties, Federal Government funding and taxes. Any of these channels can be drawn on to provide additional revenue to fund the Government's operations (including the operation of the public transport network). Likewise, cross-subsidisation of services and infrastructure is an unavoidable component of life in an economically diverse state: non-users of public transport are therefore just as responsible for contributing to the public transport system as train passengers are responsible for contributing to the road network.

While CPSA recognises that the overall financial sustainability of the public transport system is a core consideration of IPART's pricing decisions, we argue that it should be discussed in those terms rather than being framed as a balance between the fare-paying user and the taxpaying non-user.

Finally, CPSA argues that there is room for IPART to recommend changes to the pricing and discount structure of public transport fares that would better encourage people to travel outside of peak periods, and that would ensure that people on low incomes have more opportunities to access lower cost travel.

CPSA's responses to IPART recommendations

1. ***That Transport for NSW extend the eligibility for Concession Opal to holders of a Commonwealth Health Care Card and/or Low Income Health Care Card***

CPSA **supports** this recommendation.

CPSA argues that the expansion of Concession Opal eligibility to Commonwealth Health Care Card and/or Low Income Health Care Card holders will allow more people on low incomes to access public transport and to gain the associated benefits of increased mobility, increased social participation and reduced isolation. This will also avoid the high marginal cost of finding a few hours per week of work for jobseekers who would otherwise lose access to Concession Opal rates if their payments were reduced.

At the same time, CPSA argues that IPART should go further to recommend the extension of Gold Opal eligibility to recipients of a JobSeeker Payment. Given that JobSeeker Payments are set considerably lower than pension payments, it makes little sense that jobseekers should have to pay much higher public transport costs than Gold Opal card holders. Instead, by extending Gold Opal eligibility to jobseekers, Transport for NSW could provide jobseekers with more support to attend job service provider appointments, to look for work and attend interviews, to travel for training or skills development opportunities and to volunteer in their communities.

2. ***That Transport for NSW consider reviewing current peak and off-peak arrangements (times, fares and timetables) to clarify the objectives and determine if they remain appropriate in the post COVID-19 environment.***

CPSA **supports** this recommendation **in principle**.

CPSA believes that while Transport for NSW should review current peak and off-peak arrangements, IPART could go further to recommend specific arrangements for Transport for NSW.

In particular, CPSA believes that current peak and off-peak arrangements do little to incentivise different public transport use for most passengers, and that better designed arrangements could reduce congestion and peak times and increase public transport use outside of peak times to 'smooth the usage pattern' of the public transport network.

In their current forms, the peak and off-peak arrangements offer little flexibility for people commuting to and from work and university. While commuters may be able to shift their travel times by 30 minutes to 1 hour (to arrive and leave earlier or start and finish work later), this relies on a flexible workplace and a relatively short commute (as commuters who travel further would have to delay their travel more in order to avoid travelling through peak periods).

CPSA argues that there are several possible changes that could allow greater flexibility for commuters to avoid peak periods. First, shortening the peak period and providing stepped off-peak discounts would incrementally incentivise passengers to take an earlier or later service, while still providing a greater incentive for non-commuting passengers to plan their travel outside of peak periods altogether. Off-peak discounts could also be greater for longer trips as the higher cost and travel time of these journeys make them comparably less desirable for commuters when compared to driving.

Second, offering real-time discounts on low-congestion services could encourage passengers to opt for slightly longer/less convenient alternative routes where available in order to reduce the overall cost of their trip. This would be most effective in areas and periods where trains are heavily congested, but nearby buses or light rail may be under-utilised. This information could be disseminated at train stations, on the Opal travel app and on the Transport for NSW website and social media channels.

Third, the \$50 maximum weekly cap should be replaced or accompanied by a maximum number of trips cap. In its current form, the weekly cap disincentivises frequent public transport users (especially those traveling longer distances) from varying their travel times, as the cost avoided by traveling at off-peak times may only lead to a marginal discount compared to the weekly cap. While CPSA argues that the weekly cap should not be increased as this would provide an overall disincentive to using the public transport network, a maximum number of trips cap would ensure that frequent public transport passengers are maximally rewarded for varying their transport usage to make the most of off-peak discounts.

This system could be designed in such a way that only a number of trips per day can contribute to the cap, or that only trips made a certain length of time apart from each other could be counted. This could ensure that the system is not gamed by people making frequent short trips with the goal of reaching the maximum as quickly as possible.

3. ***That Transport for NSW consider reviewing the relativities between fare types, discounts, caps and other elements of the Opal fare package, ensuring fare change events apply consistently across the fare package.***

CPSA opposes this recommendation.

In their *Information Paper – Fare package options*, IPART has suggested linking Gold Opal daily and weekly caps to a percentage of Concession rates (which are in turn set at a percentage of adult rates). IPART has argued that this will increase the Gold Opal daily cap from Monday to Thursday but decrease the Friday, Saturday and Sunday caps. IPART has also implied that this system will be simpler and fairer by ensuring relativity between all Opal fare types.

CPSA argues that most Gold Opal card holders are unlikely to be familiar with the adult Opal pricing structure or the Concession pricing structure, so this change will not lead to simpler pricing for Gold Opal card holders but would instead complexify a very simple and well-known fare structure. While this may lead to cheaper trips in the short term for Gold Opal card holders who travel frequently or from Friday-Sunday, it would also open the Gold Opal fares up to incremental price increases in line with adult and Concession fare types, which would lead to Gold Opal card holders paying more over time.

CPSA believes that the current fare structure is suitable for Gold Opal card holders who are able to travel with a lower maximum daily charge of \$2.50. We recommend that this fare be maintained at its current rate to ensure that these passengers are able to affordably and easily access the Opal travel network. These travel rates are essential in allowing Gold Opal card holders to be socially included and participate in their communities. CPSA therefore opposes this recommendation.

CPSA likewise opposes the recommendation to increase the maximum weekly cap on adult and Concession fare types. While CPSA recognises that keeping the cap fixed while fares increase changes the relative balance between the two, CPSA nonetheless argues that a higher maximum cap risks disincentivising public transport use.

CPSA supports the recommendation to increase the transfer discount in line with any increase in fares. This ensures that the transfer discount remains consistent with its original intention and prevents passengers who must use mixed modes of transportation from paying incrementally more with each fare increase.

CPSA also argues that the window in which the transfer discount is applied should be extended to 90 minutes between tapping off one service and tapping on to another. This would ensure that passengers are not penalised for unforeseen service disruptions, especially in areas of the Opal network with less frequent services or fewer alternative public transport options. It would also ensure that passengers with mobility considerations have ample time to transfer between services.

4. *Where significant impacts to service quality occur, the Government should consider whether fares should be reduced or other rebates can be offered to compensate for inconvenience or increased travel/wait times*

CPSA **supports** this recommendation.

Impacts to service quality, whether scheduled or not, can often be difficult for passengers to plan around or stay informed about. This is especially true for older people who may be less familiar with digital technology. Service disruptions may therefore have impacts on other elements of a passenger's journey, and may force them to reschedule appointments or miss important commitments. CPSA therefore argues that passengers whose journeys are disrupted by impacts to service quality should be compensated for the disruption.

CPSA argues however that such a program must not be used as an excuse to block industrial action (by suggesting that industrial action could significantly drive up network costs by forcing Transport for NSW to offer rebates/fare reductions).

5. ***That Transport for NSW consider conducting a study into the attitudes and motivations of its passengers towards ticketing non-compliances to understand and cost-effectively address the increase in fare non-compliances and reduce associated revenue losses since 2019.***

CPSA **opposes** this recommendation.

CPSA argues that fare evasion is largely a by-product of financial hardship caused in part by the ongoing cost-of-living crisis and is likely an action taken by people who are reliant on the public transport network to access work or services. That non-compliance has increased since 2019 is a further indication that this activity is done in response to increased financial insecurity since the beginning of the pandemic. While more evidence on the motivations of non-compliant passengers may assist Transport for NSW in responding to this issue, CPSA opposes a study of the attitudes of passengers in general as this risks creating social licence for a more punitive response from Transport for NSW or NSW police. This will not address the underlying causes of fare non-compliance and may have significant and detrimental downstream effects.

CPSA also notes that, while IPART has identified some responses to its January 2024 Issues Paper that indicate a belief that fare evasion leads to higher fares for compliant passengers, this assumption suggests either that non-compliance is a direct cost to the network that is recouped through higher fares, or that non-compliant passengers would otherwise be fare paying passengers. Neither of these assumptions can be substantiated.

CPSA argues that, in circumstances where passengers are found to be non-compliant by station staff, bus drivers or ticket inspectors, Transport for NSW staff should have the discretion to avoid issuing fines and to instead sell tickets (at the maximum peak or off-peak fare depending on the time). This could ensure that non-compliant passengers do not suffer

significant additional downstream effects of fare evasion, while still allowing Transport for NSW to enforce ticketing requirements. This approach is used in many other countries, so studies could be undertaken to examine its effectiveness in these circumstances.

CPSA's responses to questions on which IPART seeks comment

1. *How can Transport for NSW work with community service organisations to provide short-term assistance to people experiencing vulnerability with their transport needs?*

CPSA takes the broad perspective that it is better to design a system in which people experiencing vulnerability are protected and catered for, rather than adopt an ad-hoc approach to short-term assistance. CPSA therefore argues that Transport for NSW should avoid leveraging fines against people who are experiencing financial difficulties and for whom the result of a fine or an interaction with police may include severe and unforeseen consequences. Likewise, people who are homeless or housing insecure should be able to travel for free across the Opal network, as free transport may be essential to allowing these groups to access services and communities or to maintain their personal safety and dignity.

CPSA also believes that extending Gold Opal eligibility to people receiving a JobSeeker Payment would have a significant positive impact in allowing them to more easily access employment and training opportunities and to attend job service provider appointments.

Transport for NSW should also ensure that their employees are trained to support people experiencing hardship including mental health related hardship. Community service organisations that specialise in frontline support and mental health support are best placed to advise Transport for NSW on this training.

2. *What are the challenges people with disability face when using the Opal system to pay for public transport?*

CPSA lacks the necessary familiarity with this issue to comment on this question.

3. *Under our Draft Determination maximum fares would apply from 1 December 2024 and then be inflated by CPI each subsequent 1 July. This provides Transport for NSW with flexibility to set its own price path over the determination period.*

What are your views on allowing Transport for NSW flexibility to set its own price path over the determination period? Should IPART set the price path instead (for example, specifying the allowable real increases in each year of the determination) or apply additional constraints to individual fares?

CPSA is concerned that increasing fares by CPI each 1 July ensures that many Concession card holders, for whom income support payments are indexed in March and September each year, will always be playing catch up on the cost of public transport and other costs in their regular budget. In periods where CPI is high or volatile, as has been the case in recent years, this could also make the cost of public transport less predictable for passengers.

CPSA notes that in its Draft Determination, IPART has highlighted the fact that all Opal fares are set below the maximum as of July 2024. For this reason, CPSA argues that it is not necessary for IPART to inflate maximum fares by CPI each 1 July, as Transport for NSW is not currently reliant on the incremental price increases afforded by this approach.

IPART reviews maximum Opal prices every 4 years, so this regular review provides Transport for NSW an opportunity to communicate with IPART if maximum fares are at risk of

becoming lower than is affordable for Transport for NSW. In lieu of such a communication, IPART should set the price path at a lower rate than CPI, (for example, 1-2%), so that public transport costs can provide some relief for passengers and provide an extra incentive for passengers to opt for public transport rather than private transport. This would be in keeping with a more holistic social optimisation model.

4. ***Under our Draft Determination, maximum fares stay constant in real terms and Transport for NSW can increase fares by actual CPI each 1 July. This is different from our approach in 2020 when we included an estimate of future CPI in the determined fares.***

What are your views on whether estimated future CPI should be included in fares, or allowed to be included based on actual inflation experienced?

As above, CPSA argues that the regular fare review process makes regular CPI increases (whether based on actual or estimated CPI) unnecessary, as Transport for NSW has a regular opportunity to request higher maximum fares from IPART should the current cost of fares prove unsustainable. If IPART nonetheless determines that fares should be indexed each 1 July, then CPSA argues that this should be based on estimated future CPI as this figure is likely to be less susceptible to sudden economic shocks as have been seen in recent years.

5. ***We have made a draft decision to remove the CBD increment. This could be implemented in a revenue neutral way by recovering foregone revenue across all train trips taken on the Opal network, through an increase of around 3 cents to the maximum fare per train trip.***

As an alternative to the distance-based CBD increment, are any costs specific to busy locations (e.g. CBD stations) that should be reflected in fares, possibly as an additional charge?

CPSA suggests that any location specific costs should be implemented in such a way as to encourage passengers to make alternative arrangements within the Opal network, rather than to opt out of using public transport for a given trip. For example, if IPART decides to implement location specific costs for the busiest stations in the CBD, then they should consider omitting less busy stations to encourage people to get off earlier or later on their journey and walk, thereby reducing congestion at the busiest stations and easing the flow of pedestrian traffic in and around these stations.

6. Should the Newcastle ferry and Sydney ferry modes be integrated into a single ferry mode with three distance bands? If so, where should the shortest distance band be set?

CPSA is concerned that integrating the Newcastle and Sydney ferry modes will result in a sharp increase in the cost of the Newcastle Stockton ferry fares. CPSA does not believe that the Newcastle ferry and Sydney ferry modes require integration for any overarching reason of fairness or uniformity across the network, as the two modes serve quite different purposes with Sydney ferries primarily being a discretionary mode, and the Newcastle ferry being a commuter mode.

If IPART nonetheless decides to integrate these modes, CPSA recommends adopting a low cost for the shortest distance band to reduce the impact of fares on Newcastle ferry passengers. This would in turn encourage Sydney passengers to take shorter trips or combine a ferry trip with another transport mode, and could spread demand more efficiently across Sydney ferry services.

Other matters

CPSA appreciates the opportunity to provide comment on this topic. We are available for further consultation on any of these issues.