

Ref: 35005.06

6 October, 2004

Mr James Cox
Acting Chairman
Independent Pricing and Regulatory Tribunal of NSW
PO Box Q290
QVB Post Office NSW 1230

Dear Mr Cox,

Re: Review of Bus Fares 2004

WSROC is writing in response to the call for submissions to the above inquiry. In doing so the organisation would like to raise some broader issues regarding public transport pricing in Western Sydney, particularly in relation to periodical or "bulk purchase" of tickets under the electronic or smartcard ticketing currently being introduced.

At the outset WSROC would like to stress its support for many of the proposals outlined in the Transport Ministry submission, especially the recommendations to align single fare bus tickets between STA and private buses within 12 months and to introduce "TravelTen" tickets to private buses.

The Ministry's proposal to expand the pensioner excursion ticket (PET) to cover private bus services is particularly welcome and the increase sought in its price, from \$1.10 to \$2.50, is seen as a reasonable compromise.

WSROC has also previously supported many of the other reforms outlined in the Ministry's submission which are based on the Unsworth report such as the rationalisation of bus corridors and the introduction of strategic bus corridors, though WSROC also favours the completion of the bus transitway network. However, there are a number of concerns regarding the Ministry's proposals relating to the following areas:

- ***The level of discount proposed for TravelTens;***
- ***The lack of other periodical, travel pass or "bulk purchase" ticket products in the requirements for private bus services;***
- ***The longer-term implications for CityRail ticketing and fares.***

Background: The debate over the future of TravelTens and periodical ticketing began with the interim report of the *Ministerial Inquiry into Sustainable Transport* (the Parry Inquiry) which covered rail and ferry as well as bus fares.

The interim report proposed that under smartcard ticketing the peak-period single-trip fare should be the basic ticket product, with the cash fare to be increased relative to the smartcard fare and discounts only for off-peak travel and concessions. The report also recommended the complete withdrawal of periodical and other existing stored value tickets such as TravelTens, although it suggested frequent trip "bonuses" could be tied to higher levels of stored value on the smart card.

Following a range of representations over these issues, the final report of the Parry Inquiry adopted a modified position, recommending that the TravelTen ticket be retained at least for STA services, with a constant percentage discount to the single journey cash fare. The Unsworth Inquiry extended this proposal to recommend that private operators also be obliged to

offer a TravelTen or equivalent product, but limited the discount to around 15% relative to single fares.

Unsworth also proposed that the discount on State Transit's TravelTen be brought to a similar level over time. Further, the report also recommended that when the smartcard ticket is introduced, only single fares and a limited product range, such as TravelTens and the Pensioner Excursion Ticket, should be available to promote "ease of use". Both Parry and Unsworth recommended that the PET be increased to \$2.50 and expanded to areas serviced by private operators. These recommendations form the basis for the Transport Ministry's submission to this IPART inquiry.

TravelTen Discount Level: Whilst strongly supporting the extension of TravelTens to private buses and the implementation of a consistent discount level, WSROC is concerned at proposals that the discount to be limited to 15%, especially if this is to be the sole "bulk purchase" product both for private services and potentially for smartcards.

WSROC has previously argued that the discount for periodical tickets should be a minimum of 25% as an appropriate award for customer loyalty. The pre-purchase of periodical tickets "locks in" commuters to using public transport. This is particularly relevant for part-time workers where a user might commute irregularly and the decision whether or not to use public transport is marginal. The 15% discount proposed by the Ministry and in the Parry and Unsworth reports is likely to represent little more than the proportion by which operational costs will eventually be reduced with the introduction of the smartcards, and a more substantial discount is needed.

Whilst there may be an argument for a lower level of discount for TravelTens within a wider range of prepaid tickets, if TravelTens are to be the sole bulk purchase ticket, they should be discounted by at least 25% to the single cash fare.

Periodical and Bulk Purchase Ticket Products: It is the lack of commitment to develop a wider range of discounted periodical, travelpass and other bulk purchase products in the Ministry of Transport submission that is WSROC's major concern. Whilst the desire to limit the range of fare types at least in private bus areas may be at least in part due to an understandable wish to bring negotiations with private bus operators to a successful conclusion, the earlier Parry and Unsworth Reports would seem to suggest a fundamental objection to bulk-purchase options.

There have also been claims that the fare system needs to be simplified for the introduction of smartcard technology, yet overseas implementations of smartcards often feature a range of bulk purchase options. These may be either time-based – for example, weekly or monthly tickets – or related to the number of units purchased and stored on the smartcard – for example, a smaller discount for a 10-ticket purchase (equivalent to a TravelTen or, effectively, a weekly ticket), with a higher discount for a 40-ticket purchase (effectively a monthly ticket).

The level of discount offered for these purchases is also often significantly higher, with a number of systems offering a 25% discount. In some systems this climbs to nearly 50% off for larger pre-purchases. Under this approach a 15% discount for a TravelTen or its equivalent might be acceptable if there was a 25% or greater discount for larger pre-purchases.

The lack of interest in extending TravelPass tickets to private bus services is also disappointing. Effectively this means that commuters making multi-modal trips involving private buses and trains will have to pay "flag-fall" for each stage of the trip, unlike their counterparts in areas served by STA buses. This discourages multi-modal trips, a significant aspect of private bus use in Western Sydney.

The range of bulk-purchase ticket types should be expanded, with larger discounts (at least 25%) for larger pre-purchases on either a time or unit basis, and consideration given to expanding multi-modal (bus-rail) TravelPass-style tickets to private bus contract areas.

Implications for CityRail Ticketing and Fares: Although consideration of rail fare increases has been exempted from this year's inquiry, the outcomes are likely to have major implications for rail ticketing. The integrated multi-modal nature of the smartcard and the logic of the public transport reforms both suggest that there will be an attempt to extend a consistent approach for discounts to all transport modes.

This makes both the low level of discount proposed for TravelTen and the implication that this may be the only type of bulk purchase available with smartcard ticketing particularly significant. In this context, WSROC's concerns raised in our submission to the Parry Inquiry are still relevant:

- Weekly tickets are the most common type of rail ticket and purchasers of periodical tickets amount to fully 40% of all tickets (*Parry Report, p. 172*). This is a significant customer base whose loyalties cannot be assumed if these tickets are removed;
- The average discount on weeklies compared to 10 peak hour trips (on ticket type, not the average of actual ticket sales) is 48% (derived from *Parry Report, p.90*). Assuming an average of 40% discount based on sales, removal of weeklies would therefore amount to an average 40% fare increase for these users (*or about 25% if a TravelTen-type ticket with a 15% discount is available*);
- Assuming a 1.25% decline in patronage per 5% increase in fares (as quoted in the *Parry Report*) this would amount to an over 10% reduction in patronage of weekly users or over 4% across all users, though the impact of an increase of this magnitude is likely to be much higher with users switching to private transport rather than paying full fare;
- Longer distance travellers from areas such as outer Western Sydney would be particularly disadvantaged with fare increases of over 50% in some cases. WSROC rejects any reform of the fare system which results in increases of this magnitude;

These issues warrant extensive public discussion before any changes are made to rail ticketing. They also reinforce WSROC's call for a minimum 25% discount for periodical and/or bulk-purchase tickets.

There should be no changes to weekly and other periodical rail tickets under smartcard without a public inquiry and extensive community debate. Consistent with the earlier recommendations in this submission, periodical or bulk purchase tickets should continue to be available for rail travel, with larger discounts (at least 25%) for larger pre-purchases on either a time or unit basis and consideration given to expanding multi-modal (bus-rail) TravelPass-style tickets to private bus contract areas.

If you have any questions regarding this submission please contact me on 9671 4333 or alex@wsroc.com.au WSROC would also appreciate the opportunity to speak to this submission at the public hearings to held on 14th October.

Yours sincerely

(signed) Alex Gooding
Executive Director

Alex Gooding\Document3: 6/10/2004