

Independent Pricing and Regulatory Tribunal NSW

Maximum Opal Fares 2020 - 2024

Submission to Draft Report

January 2020

CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 88 branches and affiliated organisations with a combined membership of approximately 19,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA receives funding support from the NSW Government Departments of Communities & Justice and Health and the Australian Government Department of Health.

Introduction

CPSA is pleased to submit the following comments on IPART's draft report on Opal fares 2020-2024. This submission will be making comments on sections of the draft report that CPSA believes need improvement. CPSA will not be making comments on proposals or recommendations that CPSA agrees with. Therefore, any suggestions or proposals that are not mentioned within this submission CPSA generally agrees with.

This submission provides recommendations that address the maximisation of community benefits and the affordability of fares, both of which have been identified as objectives of IPART's draft recommendations. In CPSA's view the recommendations proposed by IPART do not adequately address the aforementioned objectives. It is the strong opinion of CPSA that the implementation of CPSA's recommendations would significantly improve equity and accessibility to the Opal network.

Summary of Recommendations

Recommendation 1: That a targeted program is established in consultation with the disability sector that allows people with permanent disabilities to apply for free transport on the Opal network.

Recommendation 2: That IPART recommends that the NSW Government consults with community groups to develop a targeted program to provide transport relief for vulnerable people suffering from special circumstances that may be temporary.

Recommendation 3: That IPART calls for all income support recipients to receive full concession benefits allowing all recipients to use the Opal system for \$2.50 per day.

Vulnerability experienced due to disability

CPSA supports IPART's proposal to provide Health Care Card Holders with discounted fares. CPSA believes this recommendation will provide concessional relief to many disadvantaged people who previously slipped through the gaps of Opal transport discounts. IPART is also correct in recognising that the inclusion of Health Care Card Holders will not support all vulnerable transport users in NSW. Targeted programs for vulnerable people would provide an improvement to the inadequate support currently available for the vulnerable.

CPSA supports IPART's suggestion that people with permanent disabilities that have difficulty using the Opal network should have the ability to apply for free transport. Certain physical disabilities and cognitive conditions or mental illnesses present difficulty in tapping on and off transport systems. This has been recognised by Public Transport Victoria who

developed the Access Travel Pass. This card allows for people with physical disabilities and cognitive conditions or mental illnesses that prevent them from using the myki transport system to travel for free without having to touch their card on a myki reader¹. The implementation of a similar scheme in NSW should be influenced by feedback the Victorian Access Travel Pass has received.

A main criticism of the Access Travel Pass has been its underutilisation². Suggestions to overcome or avoid underutilisation include greater promotion of the scheme, implementation of a formal referral system and broadening eligibility³. These suggestions should be incorporated into the rollout of an NSW scheme. Consultation with relevant disability community groups is essential in maximising the potential of such a scheme.

Recommendation 1: That, in consultation with the disability sector, a targeted program is established that allows people with permanent disabilities to apply for free transport on the Opal network.

In addition to people with permanent disabilities having the ability to apply for free transport, concessions should be made available to people experiencing temporary vulnerability. Special circumstances such as substance dependence, homelessness and domestic violence are not permanent circumstances but those affected ought to be recognised as vulnerable members of society. Allowing safe transport that does not put vulnerable passengers at risk of accruing fines or missing important appointments is essential. Community groups that work closely with vulnerable people should be consulted to determine the best approach to providing vulnerable people with travel concessions.

Recommendation 2: That IPART recommends that the NSW Government consults with community groups to develop a targeted program to provide transport relief for vulnerable people suffering from special circumstances that may be temporary.

Vulnerability experienced due to economic disadvantage

CPSA commends IPART's recommendation to offer transport users a greater variety of discounted products under the 'Opal Connect' system. However, CPSA believes the discounts will disproportionately benefit consumers who: use transport regularly, have disposable income to make upfront payments, have access to the internet/smart phones, and access to debit cards. There are vulnerable people within NSW that will not benefit from discounted prices in return for increased up-front costs. The less frequent users of transport, on low incomes or income support allowances, who are not online and do not use debit cards

¹ <https://www.ptv.vic.gov.au/tickets/myki/concessions-and-free-travel/access-travel-pass/>

²Justice Connect Homeless Law, *Fair's Fare: Improving access to public transport for Victorians experiencing homelessness* (March 2016), p.5, <https://justiceconnect.org.au/wp-content/uploads/2018/08/Fares-Fair-Public-transport-position-paper-March-2016.pdf>.

³ Ibid, p.5

will not be reached by this proposal or other discounts that are currently available. The combination of rewarding those who can afford up-front costs and increasing the cost of single Opal tickets has the potential to price out some of Sydney's most vulnerable transport users that slip between the gaps of IPART's recommendations.

IPART has proposed some initiatives to assist vulnerable people using the Opal network. However, IPART has glaringly overlooked a large cohort of vulnerable people, *income support recipients*. Income support recipients, namely those in receipt of the Newstart Allowance, rely on payments that are inadequate and can result in the recipient's standard of living falling below the poverty line⁴. Poverty is a major contributor to vulnerability⁵, therefore, if IPART wants to achieve its aim of discounting fares to vulnerable people, the current proposals are destined to fall short. Greater concessions should be offered for people receiving income support payments.

The Newstart Allowance rate for a single person, including the energy supplement is \$283.90 per week. Recipients of Newstart who are in the private rental market may also receive Commonwealth Rent Assistance (CRA) to help pay their rent. The maximum CRA weekly payment is \$69, if a Newstart recipient pays at least \$153.60 a week in rent. Together with CRA the maximum weekly rate of Newstart is \$352.90. After paying rent of at least \$153.60, a recipient is left with \$199.30 a week. In June 2019, the Melbourne Institute measured the poverty line for a single person who is not in the workforce at \$429.60 a week (including housing costs)⁶. Newstart recipients are well below the line of poverty, the expectation to pay a maximum of \$25 a week on transport, meet all Newstart obligations, put food on the table and maintain a healthy standard of living is impossible.

People who live in poverty are more susceptible to several risks, most concerning is the risk of poor health. It has been found that Newstart recipients report poorer health, particularly in the domain of mental and behavioural health and are more likely to be hospitalised⁷. Expensive private vehicle costs mean that income support recipients such as those on Newstart rely heavily on public transport to attend job interviews and other appointments, to address health issues by attending health appointments, and engaging in community activities. CPSA considers that the Silver Opal Card fares do not represent the vulnerability faced by people on income support payments. No-one should have to decide between a train fare or getting something to eat, but this is a likely scenario for those receiving income

⁴ ACOSS, *Poverty Report*. (October, 2010), p.3

https://acoss.org.au/images/uploads/ACOSS_poverty_report_October_2010.pdf

⁵ World Health Organization, *Environmental health in emergencies*.

https://www.who.int/environmental_health_emergencies/vulnerable_groups/en/

⁶ Melbourne Institute, June 2019.

https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0007/3207823/Poverty-Lines-Australia-June-2019-Final.pdf, p.1.

⁷ Collie, Sheehan, Mcallister, *The Health of Disability Support Pension and Newstart Allowance Recipients*. (September, 2019), p.43 <https://apo.org.au/sites/default/files/resource-files/2019/09/apo-nid257481-1384961.pdf>

support payments⁸. Income support recipients are a vulnerable group that depend on public transport to gain access to essential services. Income support recipients must not be priced out.

Recommendation 3: That IPART calls for all income support recipients to receive full concession benefits allowing all recipients to use the Opal system for \$2.50 per day.

⁸ O'Sullivan, *Newstart Opal card? Push to lower fares for those living on \$40 a day*. (August, 2019)
<https://www.smh.com.au/national/nsw/newstart-opal-card-push-to-lower-fares-for-those-living-on-40-a-day-20190815-p52hb7.html>