

**Submission to IPART Issues Paper: Maximum Opal fares until
July 2028**

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

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CPSA receives funding support from the New South Wales Government

Combined Pensioners and Superannuants Association of NSW

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

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

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.

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Position Statement

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's responses to maximum pricing considerations

1. *What factors or objectives should we consider when designing fare options?*

CPSA argues that IPART's overall goal in designing fare options should be the accessibility and affordability of the public transport network to vulnerable people and people on low incomes across NSW. We argue that, while high prices can prevent people from using public transport (and accessing the secondary benefits that flow from it), there is no inverse incentive in which *too low* prices would incentivise *too many* people to use a service.

We argue that this is because numerous considerations factor into someone's decision to use public transport. These may include distance, ease of use compared to other methods, wait times, crowding, weather conditions and purpose of travel. Whilst lower prices will make a trip possible for someone who could otherwise not afford it, and reduce costs for someone who is already planning to make a trip, they would likely not convince someone to take public transport who is otherwise not already considering it. For this reason, CPSA believes that IPART should not be concerned with the potential consequences of "setting the price too low"¹.

¹ IPART Maximum Opal fares until July 2028 Issues Paper, p. 12.

2. Are some objectives more important than others?

CPSA argues that accessibility and affordability for all NSW residents are the most important objectives for IPART to consider in its pricing determinations. A public transport network that excludes some groups because of cost is neither efficiently nor ethically designed. Whereas a public transport network that is both accessible and affordable for passengers will see more services operating at higher capacity. This will not only increase the overall efficiency of each service, it will also deliver stronger external benefits to the wider community.

4. How important is public transport to you? Please explain why it is important, including which modes are most important. Which times of day do you rely on public transport the most and what days of the week?

Many of CPSA's constituents rely heavily on public transport as part of their daily lives. Affordable and accessible public transport gives our constituents the opportunities to travel to visit their families, frequent community spaces and events, do voluntary work, attend medical appointments and run errands. As many of our constituents are no longer in full-time employment, their travel schedules are unpredictable and are dictated by external commitments as well as opportunities and price considerations.

6. Tell us what you think of the current fare structure. How could it be improved?

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 acknowledges that, while job seekers are able to access Opal concession cards, public transport remains unaffordable for many job seekers who not only receive a lower income support payment than pensioners, but who frequently also attend meetings with job service providers, potential employers or Centrelink. CPSA therefore argues that the Gold Opal card should be expanded to include people receiving any amount of a JobSeeker payment.

7. *Are you willing to pay more to improve Opal service performance?*

CPSA argues that many people on low incomes who greatly benefit from affordable and accessible public transport, would be unable to pay more to improve service performance and would be effectively excluded from the Opal transport network if fares were increased to subsidise service performance improvements. We argue that, given the extensive public benefits of public transport for users and non-users alike, it is reasonable to fund service improvements through government subsidies rather than service charges that incur a greater cost on those least able to pay.

16. *What types of new fare options would you like to see following the transition to a new account-based ticketing system?*

CPSA believes that it is important for people to be able to maintain a separate travel account from their main bank account. This allows people to more easily keep track of travel expenses and to budget their travel. Whilst CPSA supports the retention of physical cards for standard adult passengers, alternative options could include:

- an Opal account linked to a specific bank card that allows prepayment or payment limits;
- a digital Opal card that functions like the current physical card

CPSA also argues that the existing Opal network should be expanded to cover all of New South Wales, or should be integrated with other regional transport networks to allow customers to easily travel between networks without having to purchase multiple different tickets. This would give greater accessibility to passengers in regional areas and outside of the Opal network, while also making travel between jurisdictions easier and more desirable for tourists.

18. *Are fares an important factor for you when deciding whether to travel on public transport?*

For many of our constituents, affordable fares are the difference between being able to make a discretionary trip and not. For trips that cannot be avoided or rescheduled (such as attending a job service provider meeting or a medical appointment), the affordability of fares makes a significant impact on the overall budgets of our constituents, and may mean skipping a meal in order to afford to attend an appointment.

20. *Are there other external benefits that public transport provides?*

Affordable and accessible public transport expands the independence and social inclusion of our constituents, allowing them to participate in their communities and improving their mental and physical wellbeing. Affordable and accessible public transport is a crucial tool for avoiding social isolation, and IPART's pricing structure should reflect this important consideration.

23. *How should the cost of creating a more sustainable public transport network be balanced between fares and taxes?*

CPSA argues that the transition to a more sustainable public transport network produces significant external benefits for the whole of society, and should therefore be funded through

taxes rather than through fares. In addition, we argue that the upfront costs of infrastructure upgrades and technological development will also result in longer-term savings through reduced fuel costs. Given that these savings are unlikely to be passed on to passengers through fare discounts, it is reasonable that these costs should be borne by the community as a whole through taxes.

CPSA notes that the New South Wales Government has a plan to achieve net zero emissions by 2050². As this plan will include the switch to sustainable public transport, CPSA argues that the cost of this switch should be borne by Government (and by extension, the public purse), rather than by public transport passengers. We also reiterate that increases to public transport fares would be exclusionary for many passengers, and would therefore reduce the overall efficiency of the public transport network as services would be more likely to run at lower capacity.

25. How can we measure affordability of public transport fares?

CPSA argues that affordability of public transport fares be measured in terms of people's actual purchasing power, rather than by CPI or another measure of inflation. And when public transport fares increase, they should only increase at or below the rate of any commensurate increases to the minimum wage or to income support payments (whichever is lower). At this stage, CPSA is agnostic about the method that IPART uses to determine this level.

CPSA strongly recommends that the \$2.50 maximum daily charge for Gold Opal cards remains unchanged.

² <https://www.energy.nsw.gov.au/nsw-plans-and-progress/government-strategies-and-frameworks/reaching-net-zero-emissions/net-zero>

26. *What measures (like concession/discount arrangements) help you access public transport and/or make public transport more affordable?*

Our constituents rely on the \$2.50 maximum daily charge for Gold Opal cards to keep their public transport trips affordable. This concession is essential for many people to access essential services, visit family, participate in their community and maintain a sense of social inclusion.

27. *Are there any groups that aren't currently eligible for concessions/discounts that would benefit from such arrangements?*

CPSA argues that people in receipt of a JobSeeker Payment would benefit greatly from being made eligible for Gold Opal cards. JobSeeker Payments are significantly lower than the pension, and people on these payments are often required to travel to attend job service provider appointments, job interviews or other mutual obligation meetings. The cost of these trips can greatly impact the budgets of job seekers, and can force them to choose between attending these compulsory meetings and affording essential items like food or medications.

CPSA argues that job seekers must also be allowed to access a concessional travel rate for as long as they are eligible for any rate of their payment. Currently, concessional travel cards are only accessible to job seekers (and other income support recipients) who receive the maximum rate of their payment³. This means that a job seeker who may only work a few hours a week across several days, may end up losing a significant amount of their income to public transport fares.

28. *Is there an appropriate balance between recovering the cost of public transport through fares or through government subsidies?*

³ <https://transportnsw.info/tickets-opal/ticket-eligibility-concessions/centrelink-customers>

CPSA argues that, given the relatively low fraction of costs covered by fares (around 27% in 2019 according to IPART⁴), even large increases in public transport fares would recoup only a marginally greater cost of the public transport network. Yet increases in fares would likely have a large impact on the accessibility and affordability of public transport for passengers, and may even reduce the overall amount recouped through fares if prospective passengers can no longer afford to travel via public transport.

CPSA therefore argues that recouping a greater amount of the cost of the network should not be a rationale for fare increases.

32. *Are there any other matters we should include when developing an updated social optimisation model?*

CPSA supports IPART's consideration of social inclusion in its social optimisation model. We recommend that IPART also considers longer term factors, like the role of public transport in supporting medium and high-density housing areas, and the risk of car dependence not only in terms of air pollution (as already included), but also in terms of long-term car-centric urban planning.

CPSA also recommends that IPART explores ways to expand the Opal pricing network across NSW so that all public transport passengers can gain access to the benefits associated with the network. CPSA argues that this fits within a social inclusion framework, and should therefore be included in IPART's updated social optimisation model. This would also allow all passengers, including tourists, to easily travel between jurisdictions without the complexity and cost of purchasing multiple tickets.

⁴ IPART Maximum Opal fares until July 2028 Issues Paper, p. 11.

Other matters

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