

5 February 2015

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Dr Peter J Boxall AO, Chairman
Review of Public Transport Fares
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Dr Boxall

Review of Public Transport Fares

National Seniors welcomes the opportunity to provide feedback on the Independent Pricing and and Regulatory Tribunal of New South Wales Review of Public Transport Fares. We are concerned that the proposed changes will disadvantage seniors and oppose the recommendations put forward as they stand.

National Seniors is a not-for-profit organisation that gives voice to issues that affect people aged 50 and over. It is the largest membership organisation of its type in Australia.

IPART has proposed that the NSW Government do two things which will negatively impact on seniors:

- Increase the daily cap for the Gold Opal Card.
 - Under this proposal the daily cap would be set at 40 per cent of the concession weekday cap. This would involve an ongoing increase in the daily cap from \$2.50 (current) to \$3.60 (in 2016-17), \$3.80 (in 2017-18) and \$4.00 (in 2018-19).
- Change the eligibility for the Gold Opal Card.
 - Under the proposal the Gold Opal card would only be available for holders of a Pensioner Concession Card or NSW War Widow/er Card. The Gold Opal Card would no longer be available for Seniors Card holders, with these seniors only eligible for the Opal Concession Card.

National Seniors believes that these changes will significantly restrict many older people from using public transport in New South Wales.

Seniors on low-fixed incomes are extremely price sensitive. They have little discretionary income with which to absorb increased costs. This is true not only for those surviving on the full Age Pension but also many self-funded retirees, who often have to make do with relatively low-fixed incomes in retirement.

The IPART report acknowledges that large impacts on customers, patronage and revenue would be inappropriate:

Setting fares that result in large impacts on customers, significant patronage reductions, and falling fare revenue would be contrary to our requirements for this review.

IPART 2015:41

While the report asserts that any large impacts will be negated by 'gradually' transitioning fares, we believe that these changes are neither 'gradual' nor do they 'minimise' impacts on customers, patronage and fare revenue.

Seniors holding a Pensioner Concession Card would experience very noticeable impacts on their budgets (see Table 1 for more detail).

- A pension concession card holder will pay an extra \$1.10 per day as a result of the proposal to increase the daily cap from \$2.50 to \$3.60 (a 44 per cent increase).
 - On an average of one journey per week, the impact will be an increase of \$57 per year
 - If making seven journeys per week, the impact will be an increase of \$401 per year.

Seniors who do not have access to a relevant concession card and lose their eligibility for the Gold Opal Card will be dramatically impacted (see Table 1 for more detail).

- A senior card holder who loses eligibility for the Gold Opal Card will pay an extra \$6.50 per day on weekdays (a 260 per cent increase) and \$2.90 on weekends (a 116 per cent increase).
 - On an average of one journey per week (weekday only), the impact will be an increase of \$338 per year,
 - If making seven journeys per week, the impact will be an increase of \$1,992 per year.

Table 1: Maximum annual fare cost (current versus proposed daily caps) and increase in the maximum annual fare cost resulting from proposed change to Gold Opal Card daily cap and loss of eligibility for the Gold Opal Card

	Gold Opal Card (current)	Gold Opal Card (proposed 2016-17)		Concession Opal Card (proposed 2016-17)	
	\$2.50 cap	\$3.60 cap	Annual Increase	\$9.00 cap	Annual Increase
1 day / week	\$130	\$187	\$57	\$468	\$338
2 days / week	\$260	\$374	\$114	\$936	\$676
3 days / week	\$390	\$562	\$172	\$1,404	\$1,014
4 days / week	\$520	\$749	\$229	\$1,872	\$1,352
5 days / week	\$650	\$936	\$286	\$2,340	\$1,690
6 days / week*	\$780	\$1,123	\$343	\$2,621	\$1,841
7 days / week**	\$910	\$1,311	\$401	\$2,902	\$1,992

* 1 day on weekend at the \$5.40 daily cap

** 2 days on weekend at the \$5.40 daily cap

The proposed changes will negatively impact seniors' budgets, reducing either their level of public transport use or alternatively impact on their spending on other essential items, including spending on other important productive economic activities.

Seniors on low-fixed incomes alter their spending patterns in response to increasing living costs. Evidence suggests that older people reduce their spending on items such as public transport to cope with increasing cost of essential goods and services, which are rising at a rate far above other more discretionary items¹.

As such, any change in the cost of public transport fares will undoubtedly have an impact on patronage. The extent of the change in behavior will vary depending on personal income and travel behavior, with those frequent users on low incomes likely to be worse affected.

Increased fare costs will make it more difficult for seniors to readily access essential services, such as health care, reducing the capacity of public transport to deliver important social policy objectives. It will push some to become more reliant on car use, increasing traffic congestion and the costs to government from having to supply and maintain road infrastructure.

Older people in New South Wales are concerned about the impact of these changes on: their household budgets; their ability to access essential goods and services; and their wellbeing and quality of life.

This proposal will greatly disadvantage those seniors who have worked all their life and paid taxes and are now supported by superannuation and savings. Last year (2015) I used the Public Transport system on 67 days and paid about \$167. Under this new proposal the same usage could cost me \$603, 3.6 times the current charges.

The majority of travel is taken by public transport where our members can use their Seniors Card to participate in the walks. Consequently, no member is restricted for financial reasons to attend the programme. Our organisation not only provides members with the opportunity to improve their physical health through regular walking, but it has become a supportive group where friendships are made and care given to others. So our members gain physical and emotional wellbeing from our group. Many of our members are widows/widowers or carer's for an unwell spouse so this support is invaluable. The proposed fare increase from \$2.50 to a \$9 cap for seniors would hinder many of the group from receiving these benefits. Additionally, this would put our programme out of reach to many of our members and would jeopardise their physical and emotional wellbeing and make some quite isolated. The huge price increase would discourage the use of public transport, which in turn would reduce the anticipated financial return from the fare increases.

My partner and I wish to protest in the strongest possible terms in relation to the proposed changes to the Gold Senior Card as outlined in the draft IPART Report released just before Christmas. They are unfair, mean-spirited and discriminatory. They will cause untold hardship on the elderly,

¹ Kelly, S. 2013. *A squeeze on spending? An update on household living costs for senior Australians.* Melbourne; National Seniors Productive Ageing Centre.

particularly self-funded retirees with very modest incomes such as ourselves.

While IPART was asked to consider if “current concession arrangements support the optimal use of the network” National Seniors believes optimal use of public transport occurs when the most amount of people possible are able to use public transport to improve their health and wellbeing.

It is vital to maintain high levels of patronage, especially for those who rely on it to undertake day-to-day activities. In this regard, National Seniors believes that the proposed changes will negatively impact on network use by older people because reduced eligibility and increased price will lower their ability to use public transport.

Ultimately this could result in lower overall revenue, offsetting any potential economic gains arising from the increase in fares.

National Seniors notes that the introduction of the Gold Opal Card and the removal of paper ticketing have only been recently introduced to New South Wales. These changes have already posed challenges for seniors and required significant behavioural change.

As part of these changes National Seniors welcomed the recent decision to extend eligibility for the Gold Opal Card to interstate seniors. We note that changing the eligibility rules for the Gold Opal Card to exclude Seniors Card holders would be in direct opposition to that decision.

Yours sincerely

Dr Irene Stein
Chair New South Wales Policy Advisory Group