

To the Energy Regulator,

I would like to make a submission in response to Metro's preliminary submission. This response will primarily focus upon Metro's proposal to the restructuring of the existing sectional based ticketing system and Metro's proposal of zone implementations within the Hobart region.

Metro have quite boldly described the existing fare structure as complex and inequitable, referring to it as a legacy from the previous ticket system. While this fare structure may very well be legacy from the previous system, the current ticketing system is designed to mirror the redundant legacy system. The current system has its weaknesses, but could be adapted to operate efficiently with minimal complexity whereas Metro's proposed zonal based system would struggle to address issues of complexity and equability for its passengers.

Both the old system and the new system in its current configuration are largely reliant on the honesty of passengers to have the correct fare either paid for by cash or deducted from their 'Green Card' balance. Metro has three basic urban adult fares with 90 minute transfers; Short (1-4 Sections), Medium (5-10 Sections) and Long (11+ Sections).

A large proportion of bus routes operated by metro are between 6 and 10 section journeys from origin to completion, which would require the purchase of a medium ticket for travel on the entire route, but not all passengers travel the entire length of the journey, so it is quite commonplace to have a large number of short journey tickets on these routes. The underlying problem with both the redundant system and the current system is that passengers either un-knowingly or deliberately over travel by only paying for a short journey thus depriving Metro of revenue.

With the Green Card system each adult full fare paying passenger has a default trip set on their card (Short, Medium or Long). Upon boarding the passenger validates their card and the default is deducted from their card regardless of where they are intending to travel. Passengers can ask the driver to change the setting for the current journey they are making or to change the default trip that the card is set for. In practice some passengers do ask for this to be done as they are either traveling either a lesser or a greater distance than what they ordinarily travel. This works well for the honest passengers that understand the sectional based system, but many passengers do not understand this sectional system and believe that a short journey fare is able to cover any of the travel that they intent to undertake. Further to this is the passengers who understand the system and seek to gain advantage by over traveling on purpose to avoid paying the correct fare.

Metro's Green Card ticketing system is a single point validation style of ticketing which only requires passengers to scan their card at the point of entry and not to scan their card when exiting the bus. This single point system is responsible for a potentially large loss of revenue as a single passenger with a short trip who over travels into a medium trip currently deprives Metro of 96 cents revenue. If this single passenger travelled two journeys per day, five times per week, 52 weeks per annum, this would equate to a loss of income of \$499.20 based on the current green card fare structure or \$624 per annum on cash sale paper tickets.

If Metro were to implement a check in check out style of ticketing system that reconciled the actual journey undertaken this would protect the revenue stream as well as giving Metro a more complete data set that they could use to better facilitate service planning for future Route improvements. If a passenger travels 3 sections then they would be charged a short journey, or if a 5 section journey was undertaken, a medium would be charged and if a passenger failed to check out at the completion of their journey then the maximum fare for that journey from the passengers boarding point would be applied.

In Metro's preliminary submission Metro have indicated that they would like to discontinue the 90 minute transfer from paper tickets. This I feel is a positive move as the transfer on paper based tickets is manually verified by the bus driver. Many passengers abuse this lack of automated verification by obscuring the date or time information on the tickets, which erodes Metro's income from fare revenue.

I would propose that Metro should be able to sell non-transferable paper tickets, but the paper ticket should be a singular price rather than having multiple (Short, Medium and Long) tickets with the price being set at the current green card price of a long journey. This I feel would give a twofold benefit to Metro by firstly protecting revenue streams and making it more attractive to passengers to convert to a green card for the cost savings, while providing Metro with a more complete data set of passenger travel patterns.

There is one consideration that needs to be assessed with the removal of transfers from paper based tickets, being that the northern suburbs has a large number of services that commence from Glenorchy that travel into the different areas of the northern suburbs with passengers needing to travel on one service from Hobart to Glenorchy and then board a second bus at Glenorchy. By not allowing transfers on paper based tickets these passengers would be put to a severe disadvantage when compared to passengers from the southern or eastern areas that do not have to catch multiple buses to complete their journey. I feel that a transitional transfer token that can be printed on board the first bus that the passenger must surrender to the second

bus would alleviate this scenario until such a time as Green Card take-up is able to justify the withdrawal of a transfer token.

Metro have submitted a proposal for zones to replace the existing sections as recommended by the GPOC in 2006. Metro have utilised data from the top 100 stops and looked at the ticket sales of short journeys to justify a negligible impact to patrons. This is flawed as there is no possible way that metro is able to assess where these boardings actually alighted from the service due to the limited one way data set that is inherent with the current ticket system as I have previously outlined.

On looking at the proposal of Metro's zones for Hobart it would appear that the greatest benefit would be to people in the eastern suburbs of Mornington, Warrane Howrah, Bellerive, Lindisfarne, Geilston Bay, and Risdon vale along with a benefit for people in the southern suburbs of Mt Nelson and Taroona. Currently these suburbs are a mix of between sections 5 through to section 8 which would be a medium ticket under the current fare structure to enable travel into the CBD of Hobart. Under the proposed zonal system these areas would only be required to have a single zone ticket to travel into the CBD. This I feel would reduce considerable income from fare revenues in these areas of which some of these areas are best described as medium to high socio-economic areas, while leaving areas of low socio-economic demographics at a marked disadvantage by having to use a 2 zone ticket where currently they require a medium fare under the sectional system.

In the Northern suburbs a resident of Chigwell (currently section 6) can travel to Moonah on a short fare, but under the proposed zone system it would require a two zone fare for the same journey, where a person in the eastern suburbs from Howrah (currently section 6) who currently requires a medium to travel to the CBD would become a single zone.

The introduction of peak and off peak fares would be a good approach as Metro has definite spikes in travel patterns during these peak periods. By offering cheaper fares during off peak times would in the long term make bus travel a more attractive option and would see a better utilisation of off peak services and possibly reduce overcrowding of peak commuter services.

Metro have indicated that they want to discontinue paper based daily tickets in a bid to encourage passengers to convert to the Green Card system. This seems like a positive move, but Metro fails to acknowledge that there are a large number of casual users that come and go in the form of tourists that purchase daily tickets. If daily tickets were obsoleted it would impact this tourist portion of Metro's business by making it cost prohibitive to utilise the service.

Currently Green Cards are only available to purchase from Metro during business hours at the Metro Shop in Hobart. There would be a case for Metro to investigate supplying Green Cards to different retail outlet across the CBD and suburbs (possibly service stations, News agents or on board buses). There could also be merit it adopting a similar approach that Melbourne has taken with their MIKI Card. Melbourne sells the MIKI preloaded with enough credit for one days travel for their zone 1. Melbourne's zone 1 area covers the entire Melbourne tram network and costs the patron marginally more than the credit provided. This pre-loaded type of card could assist in catering to this casual short term user market so as to continue to ensure this seasonal revenue.

In summary I feel that even though previous GPOC recommendations have suggested a zonal based system be employed, the current sectional based system is a more equitable system to continue using if the ticketing system was adapted to accommodate a check out facility. The sectional based system properly setup would shield residents of lower socio-economic areas from adverse inflation to fares while continuing to provide a similar level of revenue stream from the residents of more affluent areas of Hobart rather than reducing revenue streams from these affluent areas.

Thank you