



→ Fiona Towers

Mr James Cox
Acting Chairman
Independent Pricing and Regulatory Tribunal
Level 2
44 Market Street
Sydney NSW 2000

22 MAR 2010



Dear Mr Cox

As you would be aware, the Government has embarked on a program of major structural and policy reforms designed to deliver better integrated and improved transport services. The establishment of New South Wales Transport and Infrastructure (NSWTI) as a central coordinating agency was the first step in this process. The Government is planning to introduce legislation in the near future to strengthen the capacity of NSWTI to oversee and coordinate the provision of transport services, including roads.

On 21 February 2010, I launched the Government's Metropolitan Transport Plan. This provides a fully-funded 10-year program for improving mobility in Sydney, with a strong emphasis on extending and improving public transport. This Plan will be followed later this year by the release of a Metropolitan Plan that will link our long-term strategies for transport and land-use planning in a single document.

An essential component of the Government's plans to improve the transport system is structural reform of the public transport fare system in greater Sydney with the introduction of MyZone from 18 April 2010.

MyZone is a new fare structure and multi-modal system for greater Sydney. Its purpose is to encourage public transport use, to reduce confusion for commuters and tourists and to make public transport fairer and simpler. MyZone significantly reduces the number of fare products, and more than 90 per cent of journeys will be the same price or less expensive. Adjustments have, however, also been made to a small number of fares that will mean an increase to about six per cent of journeys.

I have been advised that, in order to implement the new pricing structure, an amendment to the *Independent Pricing and Regulatory Tribunal (Passenger Transport Services) Order 1998* is needed to remove doubt about whether certain MyZone fares are consistent with current IPART pricing determinations. The Government recognises the importance of independent pricing

determinations in respect of government monopoly services and will continue to entrust to IPART the role of determining pricing and future price paths. It is important, however, that the Government also be able to develop and implement essential structural reforms, such as MyZone, as part of its comprehensive plan for improving public transport services in New South Wales.

In this case, the MyZone reforms will result in overall cheaper public transport and cheaper fares for the overwhelming majority of journeys.

The purpose of the proposed amendment to the Order is to deal with a small range of ticket products as an interim measure, not pricing determinations by IPART more generally. The amendment will, therefore, have effect for a limited period only. Following this period, I understand that IPART will need to commence a new fare determination process for all fare products affected by the Order.

I have requested the Department of Premier and Cabinet to consult with you in relation to the drafting of the Order.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kristina Keneally', with a large, stylized flourish at the end.

Kristina Keneally MP
Premier