



Review of maximum fares for private
ferry services from 2026

Draft Report

September 2025

Transport >>



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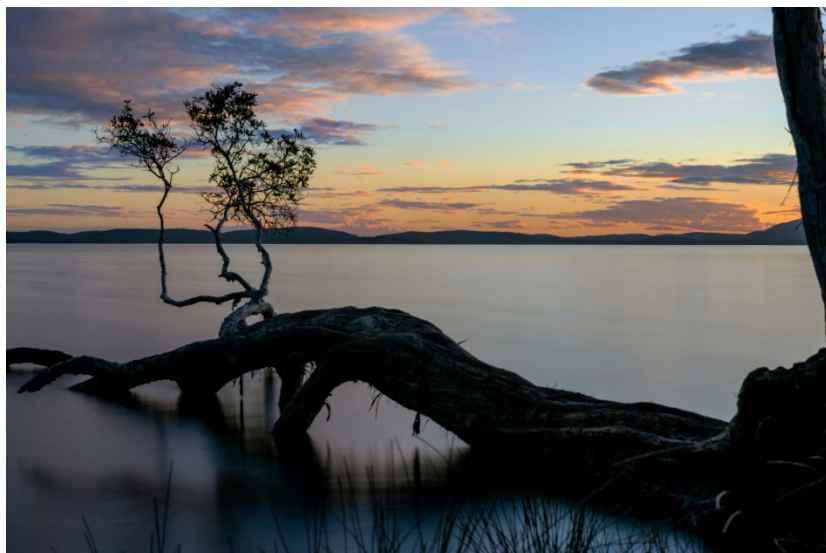


Image taken on Worimi Country (Myall Lakes)

The Independent Pricing and Regulatory Tribunal

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Tribunal Members

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Invitation for submissions

IPART invites comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by Monday, 20 October 2025

We prefer to receive them electronically via our [online submission form](#).

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Review of Private Ferries fares from 1 January 2026
Independent Pricing and Regulatory Tribunal
PO Box K35
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1 Report Summary

Six private ferry operators provide regular passenger ferry services under contract with Transport for NSW (TfNSW), operating in Sydney, the Central Coast and far northern NSW. Maximum fares for routes serviced by these private operators are determined by IPART under a [referral from the Minister](#) issued pursuant to the *Passenger Transport Act 2014*. Operators may charge less than the maximum fare.

Private ferry operators are typically small to medium sized business. Some operators offer additional services outside of their passenger contract with TfNSW, such as charter and tour services.

Private ferries deliver important public transport services to their communities. For many residents, private ferry services are the only available public transport. In this review, we have considered the ongoing challenges in delivering these services following the impacts of the COVID-19 pandemic, including declining patronage and increases in the cost of providing services. We have also considered the importance of setting affordable fares that connect communities.

TfNSW contracts private ferry operators to provide public passenger services, and sets minimum standards of frequency, safety and quality. IPART sets the maximum fare to ensure that these important services are provided at a reasonable price. The exception is the Palm Beach – Ettalong route which operates under an Instrument of Exemption.

During the course of this review, the Brooklyn-Dangar Island service has been incorporated into the Opal network. Integration of services into the Opal network is a matter for TfNSW. Our draft determination provides that if a service is integrated into the Opal network, Opal fares would apply rather than our determined maximum fare.

Throughout this review we have heard from passengers about the importance of private ferry services and their concerns about affordability. 677 private ferry passengers completed our survey on their preferences for private ferry services, see Section 2.1. We also heard from operators about the importance of setting fares to provide certainty and their concerns about escalating costs and declining patronage, see Section 2.2.

Passengers provided feedback on a number of areas, including affordability, the importance of private ferry services, and their preferences around subsidisation of services and integration with the Opal network. One passenger stated:

Residents of Bundeena rely heavily on Cronulla ferries. It is a very important service to our community. Current economic uncertainties and financial strains mean a lot of people would be [affected] by fares increasing.

Private ferry operators raised a number of issues in their submissions including the impact of increasing costs, declining patronage, subsidisation of services, the length of our determination and the fuel cost adjustment mechanism.

One operator stated:

We believe that IPART should be promoting policy settings that protect private operators and passengers from shouldering the entire burden of changes in patronage and outsized cost base escalations, thereby preventing unreasonable fares for the services and their eventual demise.¹

When setting the draft maximum fare for each route, we have considered several factors. These include: the current fares and the fares proposed by the operators, estimates of benchmark fares using our updated benchmark costs, and affordability concerns. We also considered the specific circumstances of each route, such as patronage trends, the operator's financial sustainability and the availability of alternative public transport. We discuss the draft maximum fares for each route, and the specific consideration we gave to each operator in Section 3. We are seeking feedback on our draft decisions and recommendations, and the factors we considered throughout this Draft Report.

Our final maximum fares apply to adult passenger fares from 1 January 2026.

1.1 Draft maximum fares to apply from 1 January 2026

When determining draft maximum fares for all private ferry routes we considered a number of factors. We discuss how we arrived at our draft decisions and recommendations further in Section 4. One of the factors we considered was our estimate of benchmark fares and costs; we describe our approach to benchmarking in Section 5.

Our draft decision for the **Palm Beach–Mackerel Beach** route is to steadily increase the maximum fare over 5 years, up to our estimated benchmark fare. The draft maximum fare will increase from the current maximum of \$9.70 to \$10.80 in 2026, and by 2030, we propose the draft maximum fare will be approximately \$16.30, based on forecast inflation rates.

We considered a number of route-specific circumstances when making our draft decision. Our draft maximum fares aim to balance the affordability of fares with the financial viability of the operator. The increase in fares is to allow the operator to recover the cost of providing the ferry service taking into account the reduced revenue due to a decline in patronage of 5% compared to pre-COVID patronage levels.

Our draft decision is to steadily increase fares to protect passengers. We also considered the impacts of declining patronage on this route, and how our decision could influence this trend. The operator is able to adopt a lower fare or offer multi-trip discounted fares if it identifies that the fare increases have impacted the demand from passengers. Another factor we considered was the lack of reasonably available public transport alternatives for residents. We discuss these factors more in Section 3.4.

For the **Lane Cove–Circular Quay** route, our draft decision is to decrease the current maximum fare from \$11.90 to \$7.90 in 2026 and then increase the maximum fare by CPI for the rest of the determination period. This aligns with the current adult fare charged on this route, adjusted for CPI. We consider that this maximum fare is appropriate and reflects changes in benchmark costs following a renegotiation of the service contract with TfNSW and increased patronage on this route. We discuss the specific circumstances of this route in Section 3.3.

For the **Church Point – Scotland Island** route, the **Cronulla – Bundeena** route, the **Woy Woy – Empire Bay** route, and the **Yamba – Iluka** route, our draft decision is to increase maximum fares by CPI. We have increased fares by CPI to allow operators to raise fares in response to increases in the cost of providing services and to keep the fares stable in real terms. This supports the financial sustainability of the operators over the determination period and maintains the affordability of fares for passengers. We discuss the specific circumstances of each route in Section 3.

Draft Decisions



1. That the maximum adult fares for private ferry services be set as in Table 1.1, subject to the fuel cost adjustment mechanism.

Table 1.1 Draft decisions for maximum fares 2026 to 2030 (\$, inc GST)

Route	Current maximum fare	2026	2027	2028	2029	2030
Church Point – Scotland Island	\$12.00	\$12.30	Fare 2026 x CPI ₁	Fare 2027 x CPI ₂	Fare 2028 x CPI ₃	Fare 2029 x CPI ₄
Cronulla – Bundeena	\$9.10	\$9.40	Fare 2026 x CPI ₁	Fare 2027 x CPI ₂	Fare 2028 x CPI ₃	Fare 2029 x CPI ₄
Lane Cove – Circular Quay	\$11.90	\$7.90	Fare 2026 x CPI ₁	Fare 2027 x CPI ₂	Fare 2028 x CPI ₃	Fare 2029 x CPI ₄
Palm Beach – Mackerel Beach	\$9.70	\$10.80	\$11.70 x CPI ₁	\$12.60 x CPI ₁ x CPI ₂	\$13.70 x CPI ₁ x CPI ₂ x CPI ₃	\$14.80 x CPI ₁ x CPI ₂ x CPI ₃ x CPI ₄
Woy Woy – Empire Bay	\$10.20	\$10.50	Fare 2026 x CPI ₁	Fare 2027 x CPI ₂	Fare 2028 x CPI ₃	Fare 2029 x CPI ₄
Yamba – Iluka	\$11.60	\$11.90	Fare 2026 x CPI ₁	Fare 2027 x CPI ₂	Fare 2028 x CPI ₃	Fare 2029 x CPI ₄

a. We have not set draft fares for the Brooklyn – Dangar Island route, as the service has been integrated into the Opal network.

b. The draft maximum fares in this table are subject to the fuel cost adjustment mechanism.

Assuming a forecast CPI of 2.8% in 2026 and 2.5% for subsequent years, we expect that this will result in fares as set out in Table 1.2.

Table 1.2 Draft decisions for maximum fares 2026 to 2030 (\$nominal, inc GST)

Route	Current maximum fare	2026	2027	2028	2029	2030
Church Point – Scotland Island	\$12.00	\$12.30	\$12.60	\$13.00	\$13.30	\$13.60
Cronulla – Bundeena	\$9.10	\$9.40	\$9.60	\$9.80	\$10.10	\$10.30
Lane Cove – Circular Quay	\$11.90	\$7.90	\$8.10	\$8.30	\$8.50	\$8.70
Palm Beach – Mackerel Beach	\$9.70	\$10.80	\$12.00	\$13.30	\$14.70	\$16.30
Woy Woy – Empire Bay	\$10.20	\$10.50	\$10.70	\$11.00	\$11.30	\$11.60
Yamba – Iluka	\$11.60	\$11.90	\$12.20	\$12.50	\$12.80	\$13.20

a. All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

b. Brooklyn – Dangar Island (\$7.70), Lane Cove – Circular Quay (\$7.40) and Woy Woy – Empire Bay (\$9.90) routes currently charge adult single fares below the maximum fare.

c. The draft maximum fares in this table are subject to the fuel cost adjustment mechanism.

IPART has not set draft maximum fares for the Brooklyn – Dangar Island service because it has been integrated into the Opal network as of 21 August 2025. The Brooklyn – Dangar Island service has been removed from the list of 'private ferry services' in the *Passenger Transport (Opal and Other Fares) Order 2016* (Fares Order) and therefore out of scope for this determination. IPART most recently set maximum Opal fares in 2024, see our [website](#) for more information.

IPART has not been authorised to set draft maximum fares for the Palm Beach – Ettalong service because it is not provided under a contract with TfNSW. However, we have been asked to consider proposed fares for the Palm Beach to Ettalong service. Our draft recommendation is that fares increase by CPI, which means fares will remain stable in real terms.

Draft Recommendations



1. We recommend the following fares for the Palm Beach – Ettalong service as shown in Table 1.3, subject to the fuel cost adjustment mechanism.

Table 1.3 Draft recommendation for maximum fares 2026 to 2030 (\$nominal, inc GST)

Route	2026	2027	2028	2029	2030
Palm Beach – Ettalong	\$15.10	\$15.50	\$15.90	\$16.30	\$16.70

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

1.2 Draft decision on determination length

We propose to set a 5-year determination for private ferries to provide fare certainty for both passengers and ferry operators.

Draft Decisions



2. To set a 5-year determination period, from 1 January 2026 to 30 December 2030.

1.3 Draft decision on a fuel cost adjustment mechanism

In previous determinations we have included a fuel cost adjustment mechanism. We have included this to help operators manage significant changes in the price of diesel fuel, which is one of their largest costs. The mechanism only applies if the percentage change in diesel fuel increases or decreases by more than 10% in any year.

The fuel cost adjustment is calculated by multiplying the proportion of the operator's benchmark cost spent on fuel by the percentage change in the fuel price.

Our draft decision is to maintain the fuel cost adjustment mechanism without any changes from our previous determination.

Draft Decisions

3. If the average fuel price changes by more than 10% in absolute terms in a year, the maximum fare for the following year would be the relevant amount in , multiplied by the fuel cost adjustment.

The fuel cost adjustment in 2027 is calculated as follows:

$$(\text{Fuel Cost Proportion} \times \Delta \text{Average Fuel Price}_{2025-2026}) + 1$$

Where:

$\Delta \text{Average Fuel Price}_{2025-2026}$ is calculated as follows:

$$\frac{\text{Average Fuel Price}_{2025-2026}}{\text{Average Fuel Price}_{2024-2025}} - 1$$

Where:

- $\text{Average Fuel Price}_{2025-2026}$ is the Average Fuel Price for the Fuel Cost Review Period ending 30 September 2026; and
- $\text{Average Fuel Price}_{2024-2025}$ is the Average Fuel Price for the Fuel Cost Review Period ending 30 September 2025.

The fuel cost adjustment is calculated in each subsequent year using the same formula, adjusting to the relevant years.

1.4 We want your feedback

We want to hear what you think about our draft decisions and draft recommendations. You can make a written submission on this Draft Report by 20 October 2025 and/or attend our online public hearing on 16 October 2025. You can comment on any aspect of this Draft Report.

We are seeking comment on specific issues that impact the maximum fare paid by passengers and the delivery of private ferry services. While we have provided questions, we welcome input from stakeholders on any matter you consider relevant to this review.

Some of the issues we are seeking feedback on include the draft maximum fares for the Palm Beach – Mackerel Beach route, outlined in Section 1.1 , and our draft decision on the fuel cost adjustment mechanism in Section 1.3.

We are also seeking feedback on the changes to our assumptions on ferry economic lives. In this review, when estimating the benchmark costs to deliver private ferry services, we have assumed a longer economic life for ferries than in our last review. We changed our assumptions because we found that operators were consistently using ferries beyond our previously assumed economic lives. We are seeking feedback on the impact of changing our assumption on operator's costs and whether it may influence their decision to replace a ferry.

Seek Comment

- | | | |
|----|--|----|
| 1. | For the Palm Beach – Mackerel Beach draft maximum fare, we propose to steadily increase fares over the determination period. What are your views on this steady increase in fares? | 19 |
| 2. | What are your views on indexing maximum fares by CPI and continuing to subject fares to the fuel cost adjustment mechanism after 31 December 2030 if our final determination is not revoked or replaced by a subsequent determination? | 23 |
| 3. | The fuel cost adjustment mechanism is designed to compensate operators for significant changes in the price of fuel during the determination period. What are your views on the fuel cost adjustment mechanism? | 27 |
| 4. | Our draft decision on maximum fares is shown in Table 1.1, unless the fuel cost adjustment mechanism is applied. Where the fuel adjustment mechanism is applied the new maximum fare is the higher of the previous year's fare and the fare for the relevant year in Table 1.1. What are your views on this component of the fuel cost adjustment mechanism? | 27 |
| 5. | Are there issues raised in this draft report, or other relevant issues that we may not have considered, that you would like to comment on? | 28 |
| 6. | We extended our assumption of ferry economic lives to reflect our findings that operators were consistently continuing to use ferries past our previously assumed economic lives. How might extending our assumed ferry economic lives impact operating costs? | 32 |
| 7. | How might our assumption of ferry economic lives influence an operator's decision to replace a vessel? | 32 |

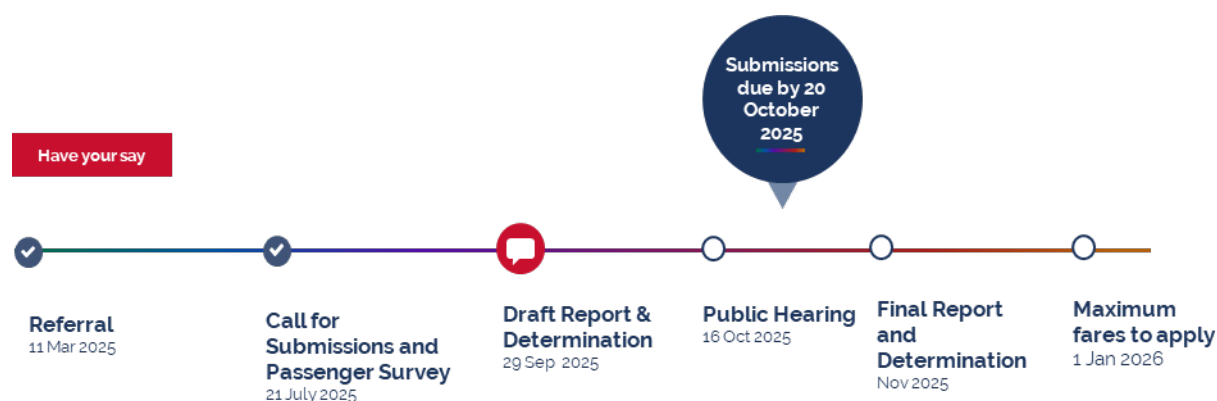
Have your say

Your input is critical to our review process.

[Submit feedback »](#)

You can get involved by making a submission, submitting feedback or attending a public hearing.

[Attend the public hearing »](#)



2 What we heard from stakeholders

On 21 July 2025, we published a [Call for submissions paper](#) asking stakeholders for their input to help us determine maximum fares. We also ran an online survey. We considered all feedback from stakeholders in preparing this Draft Report.

What we heard from passengers:

- Affordability of fares was a concern for half of the passengers we surveyed. Affordability concerns were more prevalent along certain routes such as Church Point – Scotland Island, and Lane Cove – Circular Quay.
- Passengers generally supported integration with the Opal network. However, one passenger raised concerns about accessibility.
- Passengers told us they highly value private ferry routes and many consider them essential services. We heard that some routes such as Cronulla – Bundeena, and Yamba – Illuka are important transport services when roads are closed due to flooding.
- Some passengers supported further subsidisation to support the financial sustainability of private ferry services, rather than increases in fares.
- Some passengers asked us to consider the external benefits generated by private ferries.
- Passengers had mostly positive views on the service quality of private ferries.

What we heard from private ferry operators:

- One operator told us they value a fares determination that provides certainty.
- Operators that made submissions supported increased subsidisation to meet the cost of providing services rather than higher fares.
- Operators were concerned about the impact of declining patronage on financial sustainability.
- One operator was concerned about the capital costs required to electrify ferries.
- One operator was concerned about the increase in costs since our 2021 review.
- One operator suggested we consider adjusting how the fuel cost adjustment mechanism impacts fare increases over the length of the determination.

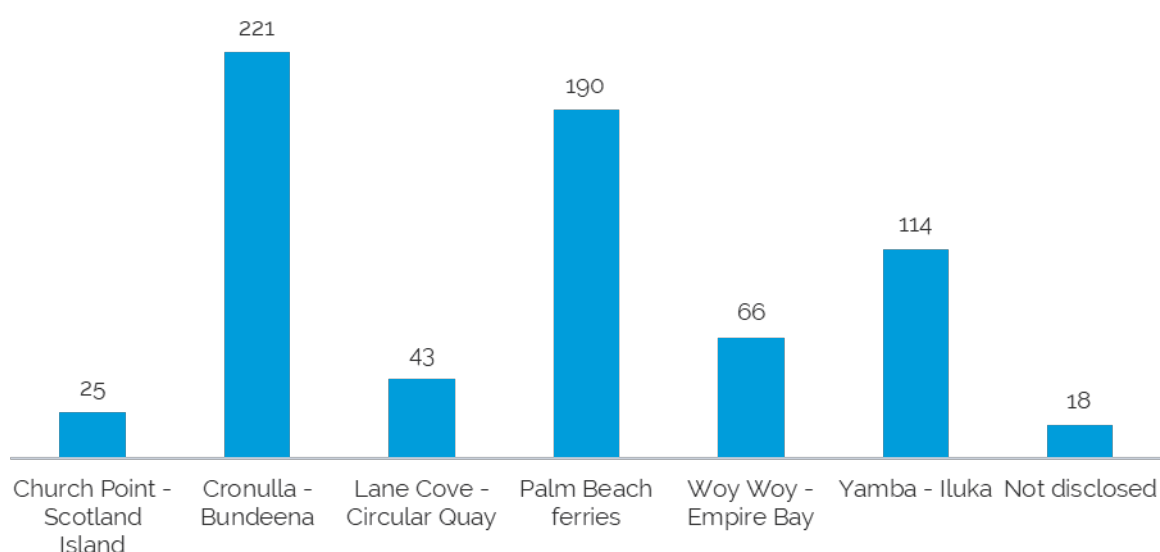
While the survey collected results for the Brooklyn – Dangar Island route, we have not included them in the following analysis as we are not setting maximum fares for the route.

2.1 677 stakeholders completed our passenger survey

Over a 4-week period we conducted an online survey asking stakeholders to provide their views on private ferry services. We asked passengers to comment on various issues including affordability, integration within the Opal network, the importance of private ferry services, the value of Government subsidies and service quality.

We received responses from passengers on every ferry route, with the most responses from passengers of the Cronulla – Bundeena and the Palm Beach ferry services. (Figure 2.1).

Figure 2.1 Number of survey responses for each private ferry route



Note: Palm Beach ferries includes Palm Beach to Mackerel Beach, and Palm Beach to Ettalong.

2.1.1 Affordability was a common concern among passengers

Over half of all passengers surveyed said that they either 'disagree' or 'strongly disagree' with the statement '*The current level of fares is affordable*'. These results varied among the passengers surveyed depending on their route. Passengers were more likely to consider fares were not affordable along the following routes:

- Church Point – Scotland Island (70% of respondents).
- Lane Cove – Circular Quay (68% of respondents).

Passengers on the route Yamba – Iluka were most likely to consider fares affordable, less than one third disagreed with the statement that current fares are affordable.

We considered affordability concerns when setting the appropriate maximum fares for each of the private ferry services. See Section 3 for more details on each route.

2.1.2 Passengers supported integrating private ferries into the Opal network

Passengers consistently expressed their support for integrating private ferry services into the Opal network. Some passengers considered that Opal integration would promote affordability as the services would be included under the daily and weekly travel caps.^a One passenger argued against integration, stating that the Opal network is less accessible for people living with a disability, or those who struggle to use technology.

^a For adult fare paying passengers the 2025-2026 daily caps are \$19.30 (Monday to Thursday) and \$9.65 (Fridays, Saturdays, Sundays and public holidays). The weekly cap is \$50.

As part of this review, TfNSW has asked us to consider the implications of any potential Private Ferry Service that operates within the Opal network area becoming an Opal Ferry Service during the term of the determination. Whether private ferries are integrated into the Opal Network is a matter for TfNSW, please see Box 2.1.

Box 2.1 Integration of Private Ferries into the Opal Network

Integration of private ferry services into the Opal network is a matter between TfNSW and the private ferry operators.

If a private ferry service becomes an Opal service but also remains a 'private ferry service' in the Fares Order, our Draft Determination sets out that the appropriate maximum fare will be the relevant Opal fare.

We note that the Brooklyn – Dangar Island service became part of the Opal network on 21 August 2025 and is no longer a 'private ferry service' and is not subject to our Draft Determination. TfNSW's media statement stated this would make ticketing easier and that the "cost of a Brooklyn Ferry ride will now be at least 30 per cent cheaper".^b

2.1.3 Passengers highly value private ferry routes

Some passengers told us that they considered private ferry routes to be an essential transport service. This was particularly the case for passengers using Palm Beach – Mackerel Beach and Church Point – Scotland Island routes, due to the lack of alternative transport modes. For these routes the only alternative is a private vessel or water taxi, which limits accessibility for certain members of the community.

Passengers on other routes, such as between Woy Woy – Empire Bay, Yamba – Iluka, and Cronulla – Bundeena, considered that using public transport alternatives was unrealistic. Further, for some Yamba – Iluka, and Cronulla – Bundeena passengers, there was a belief that the ferry is a back-up route when roads are inaccessible due to flooding.

We asked passengers their preference for using private ferries over other modes of transport. 80% of respondents agreed or strongly agreed with the statement '*I prefer catching the ferry compared to my next best transport option.*' Passengers highlighted factors including time, cost, safety and enjoyment as reasons for using private ferry services.

We considered the importance private ferry routes when setting our appropriate maximum fares, including the availability of realistic public transport alternatives. See Section 3 for more details on each route.

^b Transport for NSW, [Brooklyn Ferry services join the Opal network](#), August 2025 and [Passenger Transport \(Opal and Other Fares\) Amendment \(Brooklyn Ferry\) Order 2025](#)

2.1.4 Some passengers supported subsidising private ferry routes due to the lack of alternative public transport options

Some passengers suggested that in response to rising costs there should be increased subsidisation instead of increased fares. This is due to a lack of reasonable public transport alternatives for residents that use these services. However, we received one response that suggested the public should understand the overall costs and benefits before advocating for subsidies of private ferry routes that have alternative transport options.

Increasing subsidisation for private ferry routes is not within the scope of our review. The NSW Government is responsible for determining the subsidies received by private ferries, see Box 2.2.

Box 2.2 Subsidisation of private ferry routes

Private ferry operators receive revenue from passenger fares and from NSW Government subsidies for concession and senior/pensioner passengers and for school students. Additionally, 3 operators receive a subsidy in the form of viability payments.

The NSW Government is responsible for determining the appropriate level of subsidies and whether they continue to appropriately support the delivery of private ferry services.

2.1.5 Some passengers said that external benefits should be considered when setting the maximum fares

Some passengers asked us to consider external benefits provided by private ferry routes.

Passengers on several routes stated that private ferry use reduced the impact on road quality and road congestion, while also protecting local wildlife. Several passengers considered that the Clarence River operator supported tourism and local business by connecting Yamba and Iluka.

When setting appropriate maximum fares, we considered the extent to which private ferries generate external benefits, see Section 4.5.

2.1.6 Passengers had mostly positive views on service performance

One of our survey questions asked passengers if they were satisfied with the performance and reliability of private ferry services. About three quarters of passengers that responded either agreed or strongly agreed, and these results were generally consistent across all operators.

However, we received some responses that expressed mixed views on reliability, comfort and quality of service.

When setting appropriate draft maximum fares, we considered the importance of providing safe and reliable private ferry services. We have considered the costs to deliver and maintain reliable services in our benchmark fares, see Section 5.2.

2.1.7 Passengers had other views outside of the scope of our review

We heard other concerns from passengers that were outside of the scope of our referral from the Minister for this review and what we are required to consider under s 124 of the *Passenger Transport Act*.

A common theme among passengers was requesting more frequent services, extended hours or closer alignment with connecting transport timetables. The ferry schedule is determined by the operator and TfNSW based on the requirements under the contract to provide a passenger service.

Some passengers asked for different fare options, such as multi-tickets, family tickets or yearly passes. This also included separate fares for locals and tourists. Operators are allowed to set fares below IPART's determined maximum, and this includes offering discounted tickets. Individual operators make their own decisions on whether to offer such tickets.

Some passengers asked for increased infrastructure at ferry wharves, such as better ramp access to promote accessibility. The owner of the wharf is responsible for making improvements to the wharf infrastructure. The owner of the wharf could be a local council or TfNSW depending on the route.

2.2 We received submissions from 2 ferry operators and 1 stakeholder group and an individual

We received submissions from:

- Two private ferry operators.
- Action for Public Transport NSW (a public transport user stakeholder group).
- An individual.

2.2.1 One operator valued a determination that provides certainty

One operator who commented on the length of the determination, thought the current length was sufficient but could be extended to 5 years if needed. They said the current duration captures changes in costs and patronage without adverse effects on operators but also minimises the regulatory and administrative burden.²

We considered the benefits offered by both shorter and longer determination periods. Our draft decision is to set the Draft Determination length at 5 years, see Section 4.1.

2.2.2 Both operators preferred increased subsidisation instead of higher fares

Both operators that made submissions expressed a preference to increase subsidisation from taxpayers instead of charging higher fares to passengers. One operator considered that the 'ever-increasing cost burden' for services would lead to fares that result in a reduction in patronage and operators not earning reasonable returns on their capital, eventually leading to a withdrawal of services from operators. The operator considered that increased subsidisation could be realised through integration with the Opal network. The operator noted that ferry services in the Opal network are already subsidised, and that the Sydney Ferry network recovers between 25-33% of its operating costs from fares.³

The other operator also considered that a shortfall in revenue to meet operator costs should be paid by taxpayers rather than increasing fares. The operator considered that the ferry service provides an essential transport service to the community and positive externalities by reducing pollution and congestion.⁴

As discussed above, the level of subsidisation provided to private ferry services is decided by the NSW Government, see Box 2.2.

2.2.3 Both operators were concerned about the impacts of a decline in patronage

One operator commented that there was a decline in patronage, potentially caused by the changing demographic of residents serviced by the route.⁵

Meanwhile, the other operator expressed concerns that fare increases would lead to a decline in patronage, with passengers instead using private transport to save on costs.⁶

We considered the impacts of changing patronage demand in our calculating benchmark fares, see Section 5.4.1.

2.2.4 One operator and the stakeholder group expressed concerns about the capital investment required to deliver electric ferries

Stakeholders raised concerns about the extensive capital investment needed to acquire electric ferries, exacerbated by the uncertain future. These concerns were expressed despite strong support for sustainable transport.

- The Action for Public Transport group considered the additional costs of electrification would have significant impacts and could potentially challenge the viability of small operators.⁷
- One operator stated the current technology is viable for small vessels on slow services with adequate dwell times for charging.⁸

When setting appropriate draft maximum fares, we calculated a capital annuity based on the estimated capital costs to deliver private ferry services, see Section 5.3.

Box 2.3 Cost of electric ferries have not been included in this determination

While some operators have indicated a desire for electric ferries, they have identified several key constraints that will limit their adoption within the short to medium term. These not only include the current high capital costs of electric ferries, but also the costs associated with new wharf-side infrastructure to allow for charging of electric ferries.

If a ferry operator decides to acquire an electric ferry during the determination, they should contact IPART to discuss the implications for the maximum fare.

2.2.5 Some stakeholders were concerned about the increasing costs to provide ferry services

The Action for Public Transport NSW stakeholder group shared concerns that increasing capital costs could undermine the financial viability of private ferry operators.⁹

One operator submitted that the cost of providing ferry services has changed since the previous determination. The operator experienced considerable increases in operating costs, particularly in fuel, repairs and maintenance, and insurance.¹⁰

When estimating the costs to operate private ferry services we revised the benchmarking approach from our 2021 review to ensure we captured changes in operating costs and inflated costs by the appropriate index (such as CPI or WPI), see Section 5.2. Similarly, we updated our estimates of capital costs, see Section 5.3.

2.2.6 One operator submitted the fuel adjustment mechanism could be improved

IPART has included in its Draft Determination, see Section 4.4, a fuel cost adjustment mechanism that applies when percentage changes in the cost of fuel exceed $\pm 10\%$ for the year. Further, once the mechanism has been triggered, the maximum fares for the following year are the higher of the previous year's maximum fare or the fare as increased by the fuel cost adjustment mechanism.

In their submission, one operator expressed support for the fuel adjustment mechanism and the 10% threshold. However, the operator disagreed with how the mechanism functioned in the years after the mechanism had been triggered. The operator considered that Consumer Price Index (CPI) increases should continue to be applied in subsequent years.¹¹

We considered the impact of our fuel cost adjustment mechanism on an operator's fares over the course of the determination period. However, our draft decision is to retain our fuel cost adjustment mechanism without any changes, see Section 4.4 for more information.

3 Our assessment of draft maximum fares for each ferry route

In this chapter, we describe the factors we gave particular weight to for each private ferry route when proposing maximum fares. Depending on the route, we considered factors such as:



In Section 4, we describe in more detail how we took into account each of the matters we are required to consider for all of the private ferry services in aggregate, such as the length of our determination period and the fuel cost adjustment mechanism. Section 5 then explains how we estimated benchmark fares for the private ferry services.

3.1 Church Point – Scotland Island

The Church Point Ferry Service operates between Scotland Island and the western foreshore of Pittwater. The operator provided us with cost information and a proposal to increase fares in line with expected CPI, at an average annual increase of 2.8% per year.

We found that increasing the existing maximum fare by CPI would result in a draft maximum fare that was within the estimated range of benchmark fares and would keep the fare stable in real terms for passengers. Our estimated benchmark fares included updated cost estimates to account for changes in key cost categories such as fuel and labour. We also introduced a range in the average number of crew per vessel of between 1.6 and 2 and updated our insurance cost formula.



When setting our draft maximum fares for Church Point – Scotland Island, in particular, we considered the following factors:

- Passengers do not have alternative public transport.
- Current maximum fares are within our range of benchmark fares.

We assess that there are no public transport alternatives for the residents of Scotland Island other than water taxi services. We heard that there is limited wharf capacity for private boats at Church Point. We also note that the operator currently offers a range of discounted fares including return and 13 Trip tickets.^c

In the feedback provided to us, the operator and several users of the service spoke to the essential nature of the service, with one passenger stating that it was a 'basic necessity to reach home'. Passengers, particularly regular users, requested that fares be affordable for this reason. The operator suggested that costs should be subsidised by the government as the service generates external benefits. Currently, both pensioner tickets and student travel are fully subsidised, and the operator receives a viability payment.



One third of respondents to our survey reported that they use the ferry over five times per week.

Our draft decision is to increase existing maximum fares by CPI.

Table 3.1 Draft decision for fares – Church Point – Scotland Island (\$nominal, inc GST)

Current maximum fare	2026	2027	2028	2029	2030	Average annual increase
\$12.00	\$12.30	\$12.60	\$13.00	\$13.30	\$13.60	2.5%

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

^c Ferry fares for offshore Pittwater | Church Point Ferry Service

3.2 Cronulla – Bundeena

The Cronulla and National Park Ferry Service operates between Cronulla and Bundeena, and the operator did not provide a fare proposal or cost information for this review.

Our draft decision is that the fares should be increased by CPI for this determination. This sets fares close to our estimated benchmark fares for providing this service and keeps fares stable in real terms for passengers. Further, as this service is also experiencing declining patronage, a reduction in revenue by lowering fares could impact the financial sustainability of the service.



When setting our draft maximum fares for the Cronulla – Bundeena service, in particular, we considered the following factors:

- Current maximum fares are slightly above the estimated benchmark fare, but still within a reasonable variance.
- Declining patronage numbers for this service and the potential impact on financial sustainability.

We considered that there are no reasonably available public transport services that would create competition with the private ferry.

In response to our survey, over half of the passengers of the Bundeena route that responded showed that they either disagree, or strongly disagree, that the fare level is currently affordable. We heard this was particularly the case given the added cost of connecting transport such as the train to work or university. We note that the operator offers a range of discounted tickets including family, weekly, and 10 trip tickets.^d



2024-25 patronage for the Cronulla – Bundeena route is 4% lower than the yearly average following COVID.

Our draft decision is to increase existing maximum fares by CPI.

Table 3.2 Draft decision for fares – Cronulla – Bundeena (\$nominal, inc GST)

Current maximum fare	2026	2027	2028	2029	2030	Average annual increase
\$9.10	\$9.40	\$9.60	\$9.80	\$10.10	\$10.30	2.5%

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

^d Prices - Cronulla Ferries

3.3 Lane Cove – Circular Quay

Captain Cook Cruises has operated the route between Lane Cove and Circular Quay under a net cost contract with TfNSW since 2019. Fare revenue is retained by the operator, and TfNSW also pays the operator the balance of the gross contract payment (i.e. the net cost of operating the service). As part of the contract, the operator does not receive a reimbursement for school students or concession fares, despite 74% of passengers using these ticket types.

We asked TfNSW to propose a fare for this service, because the contract requires TfNSW to make payments equivalent to the net cost of operating the service. TfNSW expressed the preference for fares to be set in line with our benchmark fares.

Our updated cost estimate accounts for changes in key cost categories such as fuel and labour. We revised our capital allocations for the two vessels used by the operator.



When setting our draft maximum fares for Lane Cove – Circular Quay, in particular, we considered the following factors:

- The operator already receives an implicit subsidy from the Government (i.e. taxpayers) through its net cost contract payments.
- Public transport alternatives are available to passengers.
- Patronage has doubled on this route since our previous determination.

Passengers of the Lane Cove – Circular Quay route that provided feedback showed mixed feelings on the affordability of fares in response to our survey. Around two thirds of respondents said that they either 'disagreed' or 'strongly disagreed' that fares were affordable. However, some respondents expressed a willingness to pay 'double' or an 'increase' if it meant that the ferry was operational.

We considered that passengers have the alternative to use several public transport options including train, light rail and bus services.

Our draft decision is to set maximum fares in line with the current adult fare charged by Captain Cook Cruises for this route plus inflation, at \$7.90. In our previous determination we set maximum fares at \$11.90 in 2025. Our lowered fares for this determination period reflect the route's new timetable following a renegotiation of the service contract between the operator and TfNSW in 2023. It also reflects a doubling in patronage since our last determination.

While this is a substantial decrease in the maximum fare, we consider setting the maximum fare at \$7.90, in line with fares currently charged, will provide price stability for both passengers and the operator. Lowering the maximum fare to be in line with the fare currently charged prevents potential affordability concerns from fares being increased up to the current maximum. We consider that this decrease in maximum price will have limited impact on the passenger demand for these services given the proposed fare is close to that currently charged. We note that this also brings fares closer to the comparable Opal ferry fare.

Table 3.3 Draft decision for fares – Lane Cove – Circular Quay (\$nominal, inc GST)

Current fare	2026	2027	2028	2029	2030	Average annual increase
\$7.70	\$7.90	\$8.10	\$8.30	\$8.50	\$8.70	2.5%

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

3.4 Palm Beach – Mackerel Beach and Palm Beach – Ettalong

Palm Beach Ferries operates 2 routes: Palm Beach to Ettalong via Wagstaffe, and Palm Beach to Mackerel Beach, with stops at Bennets, Bonnie Doon, the Basin and Currawong Beach. IPART has not been asked to set draft maximum fares for the Palm Beach to Ettalong service, as it is not provided under a contract with TfNSW. However, we have been asked to consider the fares charged on the Ettalong route.

The operator proposed a 13.8% annual increase in fares for the Mackerel Beach route, and a 4% annual increase in fares for the Ettalong route. The operator proposed significant fare increases on the Mackerel Beach route, because of the increasing operational and capital costs required to provide the service. In particular, the need to undertake significant capital works on the vessel due to its age.

Based on our estimated benchmark costs we assess that there is a requirement to increase the fares for the Palm Beach – Mackerel Beach so that the operator can recover the costs of providing the service. Our updated benchmark costs include changes in key cost categories such as fuel and labour and associated dead running costs.

Our draft decision is to steadily increase maximum fares over the 5-year determination period to reduce the affordability impacts on passengers. While there may be a demand response to these increased prices for the Palm Beach – Mackerel service, we note that the operator is able to adopt a lower fare or offer multi-trip discounted fares to mitigate impacts on passengers and manage the demand response. This will provide the operator with an opportunity to engage with TfNSW on the details of the service contract and/or consider options such as integration within the Opal network or obtaining a viability payment.



When setting our draft maximum fares for Palm Beach – Mackerel beach, in particular, we considered the following factors:

- The potential impact on affordability caused by large increases in maximum fares.
- The declining patronage base.

We considered that there are no reasonably available public transport services that would provide a comparable service to create competition with the private ferry.

Around two-thirds of respondents to our survey said that they used a Palm Beach route for social or recreational activities. While the Palm Beach – Ettalong beach caters to both commuters and tourists, the Palm Beach – Mackerel Beach route is essential to residential users who lack road accessibility to their properties. However, usage of this route is declining.



The Palm Beach – Mackerel Beach route has experienced a 5% decline in patronage compared to pre-COVID patronage levels.

Our draft decision is to increase the maximum fare for the Palm Beach – Mackerel Beach route over the determination period until it reaches the estimated benchmark fare. Our draft maximum fare is lower than the operator's proposed fare in each year. Further, the operator proposed to increase fares to \$15.10 in 2026 while we have set the draft maximum fare to \$10.80.

Table 3.4 Draft decision for fares – Palm Beach – Mackerel Beach (\$nominal, inc GST)

Current maximum fare	2026	2027	2028	2029	2030	Average annual increase
\$9.70	\$10.80	\$12.00	\$13.30	\$14.70	\$16.30	10.9%

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

Our recommendation is for fares on the Palm Beach – Ettalong route to increase by CPI. This means fares will remain stable in real terms.

Table 3.5 Draft recommendation for fares – Palm Beach – Ettalong (\$nominal, inc GST)

Current maximum fare	2026	2027	2028	2029	2030	Average annual increase
\$14.70	\$15.10	\$15.50	\$15.90	\$16.30	\$16.70	2.6%

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

Seek Comment



1. For the Palm Beach – Mackerel Beach draft maximum fare, we propose to steadily increase fares over the determination period. What are your views on this steady increase in fares?

3.5 Woy Woy – Empire Bay

Central Coast Ferries operates from Woy Woy to Empire Bay, with stops at Davistown and Saratoga. The operator did not provide a fare proposal or cost information for this review.

Our draft decision is to increase fares by CPI for this determination which will keep fares stable in real terms. We note that Central Coast Ferries operates charters and tours on the Hawkesbury and Brisbane Waters and therefore has other sources of income. Central Coast Ferries also receives a viability payment from TfNSW.



When setting our draft maximum fares for Woy Woy – Empire Bay, in particular, we considered the following factors:

- Public transport alternatives are available to passengers.
- The operator receives a moderate subsidy from the Government as a viability payment.

We considered the extent to which reasonable public transport alternatives exist along this route and create competition between private ferry services and other modes of transport. Passengers have the alternative to use bus services.

We understand that Passengers of the route believe that there is both a personal and social benefit to catching the ferry. Almost 9 in 10 Woy Woy – Empire Bay users that responded to our survey said that they 'agree' or 'strongly agree' that they prefer catching the ferry compared to their next best transport option. One passenger stated that "On the Central Coast, a better ferry service would take pressure off the roads, especially at peak times (school run) ... The alternative for me is a very poor private bus service".



Over 95% of Woy Woy – Empire Bay passengers received subsidised fares

Our draft decision is to increase existing maximum fares by CPI.

Table 3.6 Draft decision for fares – Woy Woy – Empire Bay (\$nominal, inc GST)

Current maximum fare	2026	2027	2028	2029	2030	Average annual increase
\$10.20	\$10.50	\$10.70	\$11.00	\$11.30	\$11.60	2.6%

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

3.6 Yamba – Iluka

Clarence River Ferries operates between Yamba and Iluka on the Clarence River in Northern NSW. The operator did not provide a fare proposal or cost information for this review.

Our draft decision is to increase fares by CPI for this determination which will keep fares stable in real terms. Clarence River Ferries also operates weekly scenic river cruises and private charters in addition to its contracted passenger services.



When setting our draft maximum fares for Yamba – Iluka, in particular, we considered the increase in fares that would be reasonable for passengers to pay in the absence of a fare proposal or the operator's cost forecasts.

We assess that there are no reasonable public transport services that would provide a comparable service to create competition with the private ferry. This was highlighted to us by some passengers anecdotally.

When asked if the ferry was good value compared to their next transport option, over half of respondents said that they either 'agree' or 'strongly agree'. However, passengers showed a general acceptance that the current level of fares was affordable.



Our survey showed that Yamba – Iluka passengers were more likely to agree that the current level of fares was affordable than disagree.

We consider that passengers are less likely to use the service for essential purposes. Of 135 respondents to our survey, 76% said that their most recent trip was for social and recreational purposes and 96% said that they use it less than once per week.

Our Draft Determination is to increase existing maximum fares by CPI.

Table 3.7 Draft decision for fares –Yamba – Iluka (\$nominal, inc GST)

Current maximum fare	2026	2027	2028	2029	2030	Average annual increase
\$11.60	\$11.90	\$12.20	\$12.50	\$12.80	\$13.20	2.6%

Note: All fares are rounded within \$0.10. Nominal prices are estimated using forecast CPI and may vary slightly with actual CPI in the future.

3.7 Brooklyn – Dangar Island

The Brooklyn Ferry service operates between Brooklyn and Dangar Island. From 21 August 2025 the Brooklyn Ferry Service has been integrated into the Opal network.

As the service has now joined the Opal network and is no longer a 'private ferry service' under the Fares Order, IPART has not determined draft maximum fares for this service and Opal fares will apply instead.

Table 3.8 Brooklyn – Dangar Island fares following integration with the Opal network (\$2025, inc GST)

	Previous fare	Current Opal fare
Adult	10.90	7.35
Child/Youth	5.50	3.67
Concession	5.50	3.67
Senior/Pensioner	5.50	2.50

Note: For discounted fares a valid Opal card is required (i.e. a green Child/Youth card, a silver Concession card, or a gold Senior/Pensioner card).

Source: Brooklyn Ferry Service, [fare schedule](#), accessed September 2025.

As part of the Opal network, passengers on the Brooklyn – Dangar Island route should note the following:

- Passengers will now be required to tap on/off with a valid Opal card or their Credit/Debit card at the Opal reader located at Brooklyn Wharf. Little Wobby and Dangar Island Wharves currently do not have Opal readers due to their isolated location.
- Cash fares will no longer be accepted for the Brooklyn – Dangar Island route.
- Brooklyn – Dangar Island passengers will now receive Opal benefits when using the service, including daily and weekly fare caps and transfer discounts, see [here](#) for more information.

4 How we made our draft decisions and recommendations

In the following sections we outline our approach to arriving at our draft decisions and maximum fares. Some of the key factors that we considered were:

- The appropriate length of our Draft Determination, balancing the importance of providing operators with certainty and regularly reviewing our maximum fares
- The fares proposed by private ferry operators and how they compared to current fares
- Balancing passenger affordability with the financial viability of operators
- The appropriateness of our fuel cost adjustment mechanism
- The external benefits generated by private ferry services.

4.1 We set our Draft Determination length to 5 years

IPART considered the appropriate Draft Determination length to set draft maximum fares. We considered that both a shorter and longer determination period have respective benefits. On balance our draft decision is to set a 5-year determination period from 1 January 2026 to 31 December 2030.

A longer determination period of 5 years provides more certainty for both operators and passengers. A preference for a longer determination period was raised in submissions from operators, see Section 2.2.1.

We also propose that maximum fares after 31 December 2030 will be indexed by CPI and will continue to be subject to the fuel cost adjustment mechanism if the final determination is not revoked or replaced by a subsequent determination.

Seek Comment



2. What are your views on indexing maximum fares by CPI and continuing to subject fares to the fuel cost adjustment mechanism after 31 December 2030 if our final determination is not revoked or replaced by a subsequent determination?

4.2 We sought proposed fares and forecast costs from operators

In May 2025 we invited each private ferry operator to propose fares for the years 2026 to 2029. We also asked each operator to provide their forecast operating and capital costs, and their forecast patronage to support their proposed fares. We received fare proposals from 2 operators, see Table 4.1.

The Lane Cove – Circular Quay route operates under a net contract with TfNSW, meaning the operator receives a monthly contract payment net of fare revenue. We invited TfNSW to submit a fare proposal for the route. However, TfNSW advised it prefers the fares for this service be set in line with our benchmark fares to recover estimated costs.

The respective operators of the Cronulla – Bundeena, Yamba – Iluka and Woy Woy – Empire Bay routes did not submit a fare proposal.

Table 4.1 Operator fare proposals for 2026 to 2029 (\$nominal, including GST)

Route	Current Maximum fare	2026	2027	2028	2029	Average annual increase
Church Point – Scotland Island	12.00	12.30	12.70	13.00	13.40	2.8%
Palm Beach – Ettalong	14.70	15.91	16.30	16.71	17.13	3.9%
Palm Beach – Mackerel Beach	9.70	15.10	15.48	15.86	16.26	13.8%

Note: We requested the proposed fares in \$2026, but operators proposed fares in nominal terms.
Source: Current private ferry fares and fare proposals from operators.

We received proposed operating costs from the operators of the Church Point – Scotland Island and Palm Beach routes. We have not published this information as it is commercial-in-confidence.

4.3 We balanced affordability with financial sustainability

Our draft maximum fares aim to balance the cost of private ferry services between passengers and taxpayers. We have considered the affordability impacts on passengers if fares were increased to recover estimated costs.

We also considered the impact on private ferry operators. Our draft maximum fares aim to support the financial sustainability of operators over the long term.

When proposing our draft maximum fares, we also considered the impact of concession passenger patronage. Increasing fares on routes disproportionately used by concession passengers increases the revenue earned through fares but also increases the subsidy paid by taxpayers.

4.3.1 Passengers supported private ferry subsidies

In our [Call for Submissions](#) paper we discussed the viability payments currently received by 3 private ferry operators from the NSW Government. We asked passengers to provide their feedback via our survey or submissions.

We heard from passengers that private ferry routes provide an essential transport service to many passengers, see Section 2.1.3. Similarly, we heard from some stakeholders that private ferry routes should continue to be subsidised, see Section 2.1.4.

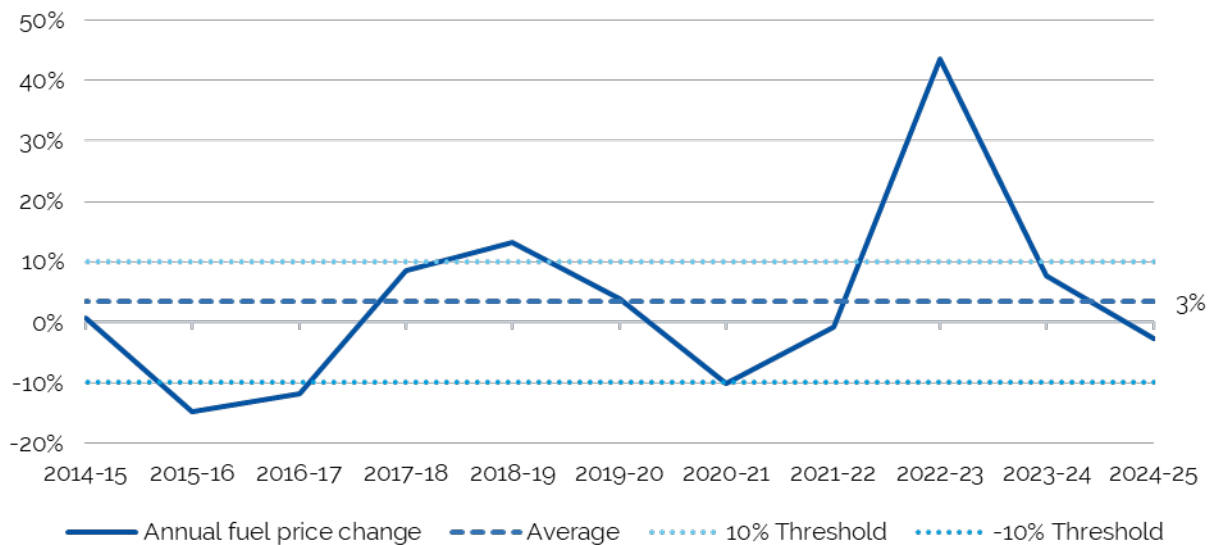
Private ferry operators also highlighted their preference for increased subsidisation to meeting an increasing cost burden caused by both rising prices and low/no patronage growth, see Section 2.2.2.

4.4 Our draft decision is to maintain the fuel cost adjustment mechanism

In the past we have included a fuel cost adjustment mechanism in our price determinations for private ferry fares. The fuel cost adjustment mechanism applies when the percentage change in the diesel price exceeds $\pm 10\%$ in a single year. Once the threshold has been reached, the whole percentage change in fuel costs is applied in calculating the change in the maximum fare. We have not changed how the fuel cost adjustment mechanism operates from our previous review.

Figure 4.1 shows that the volatility in the percentage change in the price of diesel fuel continued throughout the previous 4-year determination period. Large changes in fuel costs present a risk to private ferry operators, particularly smaller services, as fuel costs are one of the major operating costs for service providers, see Table 4.2 for the fuel costs as a percentage of benchmark costs.

Figure 4.1 Percentage change in the price of diesel fuel



Source: Fueltrac monthly data

Table 4.2 Proportion of fuel costs as a share of benchmark costs

Route	Share of operating cost
Church Point – Scotland Island	6.6%
Cronulla – Bundeena	3.9%
Lane Cove – Circular Quay	15.9%
Palm Beach – Mackerel Beach	5.5%
Woy Woy – Empire Bay	5.8%
Yamba – Iluka	3.5%

Source: Fueltrac, IPART analysis.

There are two key components to the mechanism, the threshold currently $\pm 10\%$ and how it impacts maximum fares across the determination period. We consider that both of these components remain fit for purpose.

In our 2021 determination we lowered the threshold from $\pm 20\%$ to $\pm 10\%$. At the time we changed the threshold because it had not been triggered during the previous determination period despite fuel prices fluctuating significantly in 2018 (13%) and 2020 (-10%).¹² We consider that this threshold is still appropriate as we expect that percentage changes in the price of diesel fuel $\pm 10\%$ would still have a considerable impact on private ferry operators.

We received a submission from one operator, see Section 2.2.6, asking to adjust how the fuel cost adjustment mechanism impacts subsequent years in the determination period. Our draft determination states that the maximum fare in each year from 2027 to 2030 will be the higher of the previous year's maximum fare and the determined maximum fare in , subject to the fuel cost adjustment mechanism. This means that if the fuel cost adjustment mechanism increases the maximum fare in one year, making it higher than the determined maximum fare for the next year, then the next year's fare will be the same as the previous year, subject to the fuel cost adjustment mechanism.

We have not proposed to change our approach because it provides price stability for passengers over the length of the determination.

In our Draft Determination we have used the following calculation for the fuel cost adjustment in 2027,

$$(\text{Fuel Cost Proportion} \times \Delta \text{Average Fuel Price}_{2025-2026}) + 1$$

Where:

$\Delta \text{Average Fuel Price}_{2025-2026}$ is calculated as follows:

$$\frac{\text{Average Fuel Price}_{2025-2026}}{\text{Average Fuel Price}_{2024-2025}} - 1$$

Where:

- $\text{Average Fuel Price}_{2025-2026}$ is the Average Fuel Price for the Fuel Cost Review Period ending 30 September 2026; and
- $\text{Average Fuel Price}_{2024-2025}$ is the Average Fuel Price for the Fuel Cost Review Period ending 30 September 2025.

The mechanism would apply if the change in fuel price exceeded $\pm 10\%$.

Seek Comment

3. The fuel cost adjustment mechanism is designed to compensate operators for significant changes in the price of fuel during the determination period. What are your views on the fuel cost adjustment mechanism?
4. Our draft decision on maximum fares is shown in Table 1.1, unless the fuel cost adjustment mechanism is applied. Where the fuel adjustment mechanism is applied the new maximum fare is the higher of the previous year's fare and the fare for the relevant year in Table 1.1. What are your views on this component of the fuel cost adjustment mechanism?

The fuel cost adjustment mechanism would be applied to fares from 2027 to 2030.

We will publish a notice on the IPART website on or before 20 December every year (commencing in 2026) stating whether or not a fuel cost adjustment will be made in the following year. This notice will also identify what the maximum fares for each route will be after adjustment by CPI and the fuel cost adjustment, if applicable.

Box 4.1 provides an example of how the fuel cost adjustment mechanism would apply.

Box 4.1 Fuel cost adjustment mechanism example

The fuel adjustment for 2027 would be calculated as follows:

$$(\text{Fuel Cost Proportion} \times \Delta \text{Average Fuel Price}_{2025-2026}) + 1$$

For an operator with fuel costs in 2025-2026 of 7.9% of benchmark costs, if the annual fuel price change was 44% like in 2022 the change in fares would be 3.48%.

If the determined fare was \$12.00, this would be increased by \$0.42 and would result in the 2027 maximum fare being \$12.40 (rounded to the nearest 10c).

4.5 We found that private ferries generate external benefits

Passenger transport services provide a direct benefit to passengers as accessible modes of public transport. Passengers fund this direct benefit by paying direct costs in the form of fares. However, passenger transport also receives Government subsidies, which imposes a cost on taxpayers who may not use the service. Community wide costs and benefits are known as external costs and benefits, because they occur externally to the decision of a passenger to use passenger transport.

Private ferries generate a number of external benefits; we can best understand these by considering how individuals might behave if no private ferry service was available.

Passengers who use private ferry routes that service islands, would be required to use a private boat or water taxi to travel. The potential external benefits of funding private ferry services are reduced congestion on waterways and moorings, reduced pollution and fewer boating accidents.

Passengers who use private ferry routes that service destinations with road access could use a private vehicle or alternative modes of public transport such as bus or train. The potential external benefits of funding private ferry services are the reduced road congestion, traffic incidents, pollution and parking congestion.

Without a private ferry service some individuals may choose not to make a trip at all. In these circumstances, the private ferry is creating the external benefit of promoting social inclusion. Social inclusion is the ability of people to access education, employment, services and undertake social activities, regardless of their age or mobility constraints. Social inclusion provides a benefit to the whole community.

We also note that in terms of congestion and pollution, ferries have their own external costs which should be accounted for when determining the total external benefit and cost of providing services.

In this review we examined the likely external benefits provided by each private ferry route. We did not examine the externalities for island routes such as Church Point – Scotland Island. We considered that fuel consumption per journey was approximately equivalent whether the ferry or a private boat / water taxi was used.

For the other routes, we found a wide range of external benefits in both peak and off-peak travel hours. We found that the Lane Cove – Circular Quay service provided almost no external benefits. All other services provided some external benefits, with the most provided by the Palm Beach – Ettalong, and the Palm Beach – Mackerel Beach services.

We have not been asked to consider viability payments in this review. However, we have recognised their economic role as payments in recognition of the external benefits generated by a private ferry service. Based on this perspective we found justification to continue the viability payments for the Cronulla – Bundeena, and Woy Woy – Empire Bay services.

4.6 We are seeking comment on issues relevant to our draft decisions

We considered a number of issues when making our draft decisions on maximum fares. We are seeking stakeholder feedback on any of these issues we have considered. We are also seeking feedback on any issues you consider relevant that we may not have considered.

Seek Comment



5. Are there issues raised in this draft report, or other relevant issues that we may not have considered, that you would like to comment on?

5 We estimated benchmark fares for private ferries

As part of our assessment of appropriate maximum fares, we estimated benchmark fares for each private ferry route. We used a benchmarking approach that accounted for costs such as labour, fuel and insurance, in addition to the patronage of each service. We made several adjustments to the benchmarking approach that we used to set maximum fares under the previous determination. This chapter summarises our approach to estimating benchmark fares.

5.1 IPART's estimated benchmark costs and fares

In 2021 we engaged Indec Pty Ltd to estimate benchmark costs. We have updated the benchmark costs to reflect the most recently available information. Our adjustments include:

- Updating the expected operating hours based on the most recent timetables, with an additional allowance of 1 hour per day for crew to prepare and stow the vessel.
- Updating labour cost assumptions for the Church Point – Scotland Island route and for the Palm Beach to Ettalong route, in line with information provided by operators.
- Inflating benchmarks by the relevant index (CPI, WPI and market fuel prices) rather than the previous standard of 2.5% per year.
- Updating on-cost assumptions to align with current legal requirements.
- Adjusting the capital annuity to account for routes which operate two vessels, see Section 5.3.
- Including weights for patronage, see Section 5.4.2.
- Removing viability payments from the Government as an assumed revenue in our pricing calculations.
- Standardising assumptions, such as dead running ratio, across all private ferry operators.
- Updates to align our approach with current best practice.

5.1.1 Inputs to estimate benchmark costs

For all operators we used the same set of inputs, these included:

- Forecast inflation in line with CPI. We have forecasted CPI to be 2.8% in 2026, and 2.5% for the remainder of the determination period.
- A benchmark of the estimated operating costs of providing the service including labour, repairs and maintenance and insurance. This is based on the benchmark established by Indec Pty Ltd in our [previous review](#).
- A capital annuity equivalent to the estimated capital cost of operating a new ferry. Our estimated costs should account for the need to replace ferries that have exceeded their economic life. Using ferries past their economic life is not efficient due to the increasing cost of maintenance and repairs, and the impact on service quality.

- A pre-tax WACC of 5.4% used to calculate the capital annuity, and as the discount rate for present value. For more information on IPART's WACC methodology and calculations see our [Market Update](#) for August 2025.
- Private ferry patronage for 2024-2025. Patronage of private ferry services has generally declined across all services since 2023-2024, therefore we have used actual patronage figures in 2024-2025 to estimate benchmark fares for the determination period.

5.1.2 Our benchmark costs are based on publicly available timetables

Private ferry operators are required to provide public passenger services via their contract with TfNSW. These contracts require minimum performance standards when delivering passenger services. However, operators tend to provide services above these minimum standards in order to meet passenger demand on their routes. When estimating the benchmark costs to provide these services we have based our estimates on the publicly available timetables listed on each operator's website. We consider that this is an appropriate basis to use when estimating benchmark costs.

5.1.3 Benchmark fares

We calculated the benchmark fare for most operators in 2025-26. For the Palm Beach – Mackerel Beach route we calculated an appropriate price path for fares to reach our benchmark fare by the end of the determination period.

In this Draft Report we have presented the draft maximum fare for each operator in nominal terms each year and included forecast CPI and GST.

We consider it appropriate to present fares in nominal terms as it provides greater certainty to both operators and passengers. It also avoids any issues that can arise due to rounding after fares are adjusted for each year. Fares are also rounded to the nearest \$0.10, consistent with previous determinations.

5.2 We have indexed operational costs

We have indexed the following costs when estimating benchmark costs to account for changes over the last determination period:

- **Labour** — wages, workers compensation, payroll tax and superannuation for all permanent full-time and part-time staff, and any casual employees employed directly by the operator. We have indexed this cost using the Wage Price Index – Private; Transport, postal and warehousing; published by the ABS.¹³
- **Fuel** — includes the cost of fuel in relation to the provision of regulated ferry passenger services. We have indexed fuel cost based on the Sydney Diesel price collected FuelTrac.
- **Repairs and maintenance** — should only include parts and consumable costs relating to the repair and maintenance of ferries, e.g. internal and contracted ferry maintenance. We have indexed these costs by CPI – All groups Sydney published by the ABS.

- **Insurance** — includes ferry insurance and all other insurance premiums paid by the operator, e.g. public liability. We have indexed these costs by CPI – Insurance Sydney published by the ABS.¹⁴
- **Mooring** — the annual rent paid for mooring/berths in relation to the provision of ferry passenger services. We have indexed these costs by CPI – All groups Sydney published by the ABS.
- **Other** — includes all other operational costs that aren't accounted for in the above categories, e.g. cash collection costs, office rent, communication costs, financial services, external consultants, advertising, consumables and uniforms. We have indexed these costs by CPI – All groups Sydney published by the ABS.

5.3 We calculated a capital cost annuity for each operator

We have continued using a cost annuity as part of our approach to estimating benchmark fares. In our previous review we decided to estimate capital costs as an annuity rather than using a regulatory asset base (RAB) for each operator. We made this change to provide greater clarity for private ferry operators by smoothing costs across multiple determinations and because it simplifies the calculation.

Our annuity payment includes the estimated capital expenditure to operate the vessel over its entire economic life, such as maintenance costs. This cost is converted into an annuity payment in each year over the determination period.

We adjusted our capital annuity calculation to account for a longer estimated economic life, see Section 5.3.1. We maintained our other assumptions about capital costs, after accounting for inflation, such as engine replacement or refurbishment, and the cost to purchase a new vessel. The annuity provides a capital allocation that could be used to service a loan to purchase a new vessel and undertake repairs and maintenance.

For most operators the annuity accounts for 100% of the cost for a new ferry, and 50% of the cost for a backup ferry. The operators on some routes such as Church Point – Scotland Island and Cronulla – Bundeena receive an annuity for 100% of the costs of the backup ferry due to operational requirements. Similarly, the Lane Cove – Circular Quay operator receives 75% of the cost of a new ferry and 75% of the cost of the backup ferry.

5.3.1 We extended our assumption of ferry economic lives

The calculation of our capital cost annuity is impacted by the assumed economic life of each operator's ferry. In general, having a longer asset life means the capital annuity will be smaller, because it takes more years before the vessel should be replaced.

In our previous review we used a 15-year economic life for fast ferries, and a 25-year economic life for slow ferries.^e In this review we have extended this to a 23-year and a 39-year economic life respectively. We extended the economic life because we found that operators were consistently continuing to use ferries past the economic life we used in our 2021 review.

Seek Comment

- 6. We extended our assumption of ferry economic lives to reflect our findings that operators were consistently continuing to use ferries past our previously assumed economic lives. How might extending our assumed ferry economic lives impact operating costs?
- 7. How might our assumption of ferry economic lives influence an operator's decision to replace a vessel?

5.4 We considered fare and subsidy options

Our approach to considering appropriate fares compared the existing maximum fare with a benchmark fare that would provide operators with the revenue required to meet the estimated benchmark costs of providing private ferry services.

To calculate an operator's required revenue, we estimated the cost of providing services accounting for inflation and the Weighted Average Cost of Capital (WACC). To calculate benchmark fares, we divided the revenue requirement that we estimated by patronage to determine the benchmark price each passenger should pay.

The sections below provide more detail on our benchmarking approach.

5.4.1 We estimated benchmark fares based on 2024-25 patronage

During our 2021 review, operators were experiencing a decline in patronage due to the impact of COVID-19. Since then, a number of routes have recovered to previous levels of patronage, while a number of routes are experiencing stagnant or declining patronage. In general, since 2023-24 there has been a decline in patronage across private ferry routes.

We heard concerns from some operators about the impact of declining patronage on the financial sustainability of services, see Section 2.2.3.

When benchmarking fares, we have used patronage data from 2024-25 rather than forecasting patronage due to the uncertainty in patronage demands.

^e The only fast ferry for this review operates between Palm Beach and Ettalong. All other routes are currently serviced by slow ferries.

Our draft decisions on maximum fares may also impact patronage. For Palm Beach – Mackerel Beach where our draft fares are increasing by more than CPI, this could lead to a reduction in patronage if customers choose to use alternative transport options. IPART has set draft maximum fares, and the operator can choose to offer lower fares which could mitigate impacts on patronage.

5.4.2 We weighted patronage to exclude the impact of multi-ticket discounts

We considered how discounted prices for multi-ticket passengers impacted our existing approach to benchmarking fares. In this review we implemented different weights for single passenger fares based on the total revenue (fares and subsidies) earned as a proportion of adult fares, see Table 5.1. We consider that excluding the impact of multi-ticket discounts produces more appropriate benchmark fares.

Table 5.1 Passenger patronage weights

Passenger type	Weighting
Adult (single trip)	100%
School Student (single trip)	50%
Pensioner (single ticket ^a)	200%
Child (single trip)	50%
Concession (single trip)	100%

a. Pensioner tickets allow unlimited travel per day and are reimbursed at 200% of the adult ticket price.

b. Operators have told us that child fares are charged at 50%, but under existing contract arrangements, TfNSW does not contribute the additional 50%. For every pensioner ticket sold the operator received twice the adult fare, based on the assumption that a return trip would be made.

5.4.3 Limitations in estimating benchmark costs

The benchmark approach estimates hypothetical costs to provide the private ferry services. The benchmark approach is applied to all 7 individual route schedules, with some adjustments made for individual ferry operators. However, this relies on assumptions that may vary from operator to operator. This may be due to factors such as physical limitations or operational requirements unique to each route.

Another limitation is whether our benchmark fares remain appropriate if there are unexpected shocks to private ferry operators. However, we have attempted to mitigate these concerns. One of the largest potential shocks for operators is changes in fuel prices. For this reason, we have continued to implement a fuel cost adjustment mechanism in our Draft Determination, see Section 4.4.

Operational cost comparison between private ferries and Sydney ferries

We undertook a high-level comparison of our benchmark operational cost between private ferries and Sydney ferries based on our 2024 review of Opal fares. We found that operational costs per passenger kilometre for private ferries range between \$0.43 and \$3.33, compared to \$2.25 for Sydney Ferries.^f On an operational cost per passenger journey, it ranged from \$3.26 for and \$11.18, compared to \$12.20 for Sydney Ferries.^g

We assess that operating costs are mainly driven by the ferry operation requirements which are fixed and reflect differences in the size and capacity of the ferry and that the marginal cost of each additional passenger is low. These include labour and fuel costs which are mainly dependent on the distance and the time taken to complete the ferry routes.

^f This \$2.25 is indexed from the \$2.02 from our 2024 Opal Review.

^g This is \$12.20 is indexed from the \$10.20 (Table D2) from our 2024 Opal Review.

Appendices

A Matters that IPART is required to consider for this review

A.1 Impact if fares were not increased to the appropriate maximum under our Draft Determination

IPART is required under the *Passenger Transport Act 2014* to assess the likely annual cost to the NSW Government if fares for a passenger service were not increased to the maximum permitted under our Draft Determination.

Five out of six operators retain the fare revenue earned through providing private ferry services. Therefore, there is no impact on the NSW Government if the operator sets fares below the maximum.

The operator of the Lane Cove to Circular Quay route has a net cost contract with TfNSW. This means that if the operator sets fares below the appropriate maximum, all else being equal, TfNSW would be required to pay more to the operator. Over our 5-year determination period if the operator did not increase fares by CPI, we estimate this would cost \$54,429.

Table A.1 Likely cost to the Government if fares are not increased to the maximum permitted (\$, \$2025-2026)

	2026	2027	2028	2029	2030	Total
Fares not increased in line with CPI	10,886	10,886	10,886	10,886	10,886	54,429

A.2 How we have met the requirements of the Passenger Transport Act and Referral Letter

The *Passenger Transport Act 2014* and our [referral from the Minister](#) for this review require us to consider several matters when setting our draft maximum fares. Table A.2 lists these matters and explains how we have considered them when setting draft maximum fares.

Table A.2 Matters we are required to consider when setting draft maximum fares

Matters we are required to consider	How we have considered them
The cost of providing services	To estimate the cost of providing services we updated the benchmarking approach used in our 2021 review, that was developed by Indec Pty Ltd, see Section 5.1.
The need for greater efficiency in the supply of services so as to reduce the costs for the benefit of consumers and taxpayers	When setting appropriate maximum fares we considered a number of factors. This included our approach to benchmark fares to recover estimated costs, see Section 5.1, the current fares charged and the fares proposed by operators, see Section 4.2, and the impact of our draft fare decisions on affordability, see Section 4.3.
The protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service	We considered several factors when determining appropriate maximum fares. This includes an appropriate benchmark of fares and the affordability concerns of passengers, see Section 5 and Section 4.3.

Matters we are required to consider	How we have considered them
The social impact of the determination or recommendation	<p>We considered the external benefits generated by private ferries. These benefits include promoting social inclusion and reducing congestion, see Section 4.5.</p> <p>We also considered the impact of fares on the affordability of services, see Section 4.3.</p>
The impact of the determination or recommendation on the use of the public passenger transport network and the need to increase the proportion of travel undertaken by sustainable modes such as public transport	We considered the impact of draft maximum fares on the affordability of public transport and how this could impact patronage, see Section 5.4.1.
Standards of quality, reliability and safety of the services	<p>We sought feedback from stakeholders through our passenger survey on the service quality of private ferry services, see Section 2.16.</p> <p>We also considered the operating and capital costs required to maintain high quality, reliable and safe services, see Section 5.2 and Section 5.3.</p>
The effect of the determination or recommendation on the level of Government funding	<p>Private ferry services are provided under contract with TfNSW. The Lane Cove to Circular Quay route is operating under a net cost contract, meaning that TfNSW is required to pay the difference between fare revenue and operating costs. We asked TfNSW to provide a fare proposal. However, TfNSW preferred fares be set equal to our estimated benchmark fare, see Section 3.3.</p> <p>Government funding can also be impacted by concession subsidies offered to private ferry services, and viability payments to promote financial sustainability. These are determined by the Government. IPART has not made any recommendations on these subsidies.</p>
The likely annual cost if fares for a passenger service were not increased to IPART's determined maximum.	The operator for the Lane Cove – Circular Quay service operates under a net cost contract. This means if fares were not increased to the maximum, all else being equal, the NSW Government would be required to pay more. We have estimated the impact if the operator did not increase the draft maximum fare in 2026 by inflation over the remainder of the determination period, see Section A.1.
The level of competition for other modes for the different routes and resulting implications for fares, other types of transport modes available to customers, we well as gaps or duplication with Sydney Ferries	We investigated the available public transport alternatives to service passenger transport along private ferry routes. We discuss the availability of alternatives in Section 3.
Any performance metrics, such as service delays or cancellations	<p>We considered the extent to which service performance should impact our draft maximum fares. Our estimates of benchmark costs considered the operational requirements of the services. For example, we have included some costs for backup ferries. We have not included 100% of the costs for all operators as the backup ferry can be used for other commercial purposes, see Section 5.3.</p> <p>We have not discussed performance metrics in detail in this report as these are managed through the contractual framework under which most of the services operate.</p>
Fares for ferry services on the Palm Beach to Ettalong route	We have recommended fares for the Palm Beach – Ettalong Route. Further, when setting the draft maximum fare for the Palm Beach – Mackerel Beach route we have considered the fares on the Palm Beach – Ettalong route. Both routes impact our benchmark fares for the Mackerel Beach route as the service is run by a single operator. See Section 3.4.

Matters we are required to consider	How we have considered them
Any ongoing impacts of COVID on demand and customer behaviour	We have observed how private ferry routes have experienced different patterns of recovery following COVID-19. Generally, there has been a decline in patronage since 2023-24. Due to the uncertainty with forecasting patronage, we have used patronage in 2024-25 to benchmark fares, see Section 5.4.1.
Changes to fares and ticketing systems	We considered the impact of multi fare tickets on our benchmark fares, see Section 5.4.2.
The implications of any potential Private Ferry Service becoming an Opal Ferry Service during the term of the determination	<p>We have considered the potential impact on integrating private ferry services into the Opal network. The Brooklyn – Dangar Island service has been integrated into the Opal network during this review period, we discuss the impacts in Section 3.7.</p> <p>We have included a provision in our Draft Determination that if both private ferries and Opal determinations apply to a private ferry service, the Opal fare would apply rather than the private ferry fare.</p>

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- ¹ Fantasea Pty Ltd, [submission to IPART call for submission paper](#), August 2025, p 1.
- ² Fantasea Pty Ltd, [submission to IPART call for submission paper](#), August 2025, p 7.
- ³ Fantasea Pty Ltd, [submission to IPART call for submission paper](#), August 2025, pp 1-4.
- ⁴ Church Point Ferry Service, [submission to IPART call for submissions paper](#), August 2025, p 1.
- ⁵ Fantasea Pty Ltd, [submission to IPART call for submission paper](#), August 2025, p 8.
- ⁶ Church Point Ferry Service, [submission to IPART call for submissions paper](#), August 2025, p 1.
- ⁷ Action for Public Transport, [submission to IPART call for submissions paper](#), August 2025, p 1.
- ⁸ Fantasea Pty Ltd, [submission to IPART call for submission paper](#), August 2025, pp 5-7.
- ⁹ Action for Public Transport, [submission to IPART call for submissions paper](#), August 2025, p 1.
- ¹⁰ Fantasea Pty Ltd, [submission to IPART call for submission paper](#), August 2025, pp 3-4.
- ¹¹ Fantasea Pty Ltd, [submission to IPART call for submission paper](#), August 2025, pp 4-5.
- ¹² IPART, [Draft Report – Review of maximum fares for private ferry services for 2022 to 2025](#), October 2021, p 20.
- ¹³ ABS, [Wage Price Index, Australia](#), August 2025.
- ¹⁴ ABS, [Consumer Price Index, Australia](#), July 2025.