

7 August 2017

WHAT

IPART is conducting a review to determine maximum fares that seven private ferry operators can charge in the four years from 1 January 2018 to 31 December 2021.

We released an [Issues Paper](#) in June, which explained our proposed approach for determining maximum fares, identified the key issues for the review, and sought feedback.

WHY

Each of the seven ferry operators have service contracts with Transport for NSW (TfNSW) to provide defined routes in NSW, and therefore the Minister is [able to ask](#) IPART to set fares for these services. On 16 May 2017, the Premier endorsed the Minister's [request](#) for IPART to determine maximum fares for the next four years.

WHO

The ferry services covered by this review operate in the Sydney, Central Coast and North Coast areas. This year IPART provided all ferry operators with an opportunity to propose fares, and we have received pricing proposals from all operators except for Clarence River Ferries. The Table below lists the ferry services and sets out the proposed fares.

	2017 Actual fare	2017 maximum fare	2018	2019	2020	2021
Brooklyn Ferry Service	\$7.30	\$7.30	\$7.60	\$8.00	\$8.40	Not provided
Central Coast Ferries	\$7.50	\$7.80	ΔCPI	ΔCPI	ΔCPI	ΔCPI
Church Point Ferry Service	\$8.30	\$8.30	\$8.65	\$9.00	\$9.40	\$9.70
Clarence River Ferries	\$8.30	\$8.30	Did not propose fares			
Cronulla and National Park Service	\$6.40	\$6.40	ΔCPI (revised 3 Jul)	ΔCP (revised)	ΔCPI (revised)	ΔCPI (revised)
Matilda Cruises – Circular Quay to Darling Harbour	\$7.00	\$7.40	ΔCPI	ΔCPI	ΔCPI	ΔCPI
Matilda Cruises – Circular Quay to Lane Cove	\$7.00	\$7.40	ΔCPI	ΔCPI	ΔCPI	ΔCPI
Palm Beach Ferries – Palm Beach to the Basin	\$8.10	\$8.10	\$8.60	\$8.90	\$9.20	\$9.50
Palm Beach Ferries – Palm Beach to Ettalong and Wagstaffe	\$11.60	\$11.60	\$12.10	\$12.40	\$12.70	\$12.90

Note that Central Coast Ferries and Matilda Cruises' actual fares are lower than the current maximums set by IPART.

Under their service contracts, the ferry operators keep fare revenue, and receive government payments for providing school travel and concessions tickets. In addition, some operators receive financial viability payments.

We set the maximum adult ferry fares, but not the level of concession tickets or the cost or availability of the Pensioner Excursion Ticket (PET) and Opal Gold as part of this review – these are matters for the NSW Government.

The fares for Sydney and Stockton Ferry services are not set as part of this review. These are determined as part of our [Opal fares review](#).



HOW

We will assess whether the fares that the operators have proposed having regard to stakeholder feedback, the level of competition the operators faces, the costs of providing the services, and other factors, such as the financial impacts on passengers and operators and whether the service creates an 'external benefit', for example, avoided road congestion. The full list of factors we must consider is set out in [section 124 of the Passenger Transport Act](#) and the [Terms of Reference](#).

For the Sydney Harbour and Central Coast routes, passengers have a number of choices of how to travel between the route locations, including other public transport options, and by car. This means that if operators' fares are too high, they would lose customers to their competitors. Because the fares are likely to be market driven (we note that these operators are currently charging less than the maximum fares set by IPART), we do not consider that it is necessary to review their costs.

For other operators, we think a more rigorous approach is needed as they face little or no competition – there is either no alternative transport option except for private boat, or travel by road either takes significantly longer than by ferry. Our starting point for these operators is to set fares equal to the forecast efficient costs of providing the services, minus other revenue to the operator (such as government payments for providing school travel), divided by the forecast number of fare paying passengers. We have engaged the Centre for International Economics (CIE) to provide us with expert advice on the efficient costs of providing these ferry services.



WHAT NEXT

Our Draft Report, due for release in September, will assess whether each pricing proposal is reasonable, and make draft decisions on maximum fares. We will then hold a public forum and receive stakeholder submissions. We will consider all submissions and public forum comments on the Draft Report before releasing our Final Report in December.