



Independent Pricing and Regulatory Tribunal

CityRail Fares from 11 November 2007

Transport — Final Report and Determination
October 2007



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ISBN 978-1-921328-09-1

DET07/2&3

The Tribunal members for this review are:

Dr Michael Keating, AC, Chairman

Mr James Cox, CEO & Full Time Member

Ms Sibylle Krieger, Part Time Member

Inquiries regarding this document should be directed to a staff member:

Aaron Murray (02) 9290 8440

Fiona Towers (02) 9290 8420

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 2, 44 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

www.ipart.nsw.gov.au

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1 Introduction

RailCorp submitted its 2007 proposal for CityRail fares to the Independent Pricing and Regulatory Tribunal (IPART) on 23 June 2007. On 11 July 2007, the Acting Premier of NSW wrote to IPART requesting that it provide its determination on the CityRail fare proposal by 31 October 2007. The government has also requested IPART to undertake an in-depth review of its approach to determine CityRail fares. The regulatory framework review process and how it relates to this fare decision is explained in section 1.2.

IPART has completed its 2007 review of CityRail fares, and has determined the maximum fares that CityRail can charge for public transport services from 11 November 2007.

1.1 Overview of determination

In summary, IPART determined the following fare increases:

- ▼ Single fares for journeys up to 35 km will increase by 20 cents, for journeys from 35 km to 75 km by 40 cents, by 60 cents for journeys up to 175 km and for longer journeys by \$1.00
- ▼ Off peak fares for journeys up to 35 km will increase by 20 cents, for journeys from 35 km to 75 km by 40 cents, by 60 cents for journeys up to 135 km and for longer journeys by \$1.00
- ▼ Adult weekly tickets will increase by \$2.00 for journeys up to 35 km and by \$3.00 for longer journeys
- ▼ Three mode TravelPasses will increase by \$2.00.

These fare increases are consistent with RailCorp's proposed fare changes. IPART's decision means that CityRail fares will increase by a weighted average of 5.9 per cent¹. As the fares increases will apply from 11 November 2007, RailCorp's farebox revenue for 2007/08 should increase by around 4.1 per cent. Some fares may increase by more, for example, a single ticket from Kings Cross to Central will increase by 20 cents or 8.3 per cent. Others will rise by less than 5.9 per cent, such as a return trip from Parramatta to Central which will rise by 20 cents or 5.0 per cent.

¹ Fare increases weighted by the number of tickets sold. IPART's own calculation.

IPART has considered the fares actually proposed by RailCorp against the requirements of Section 15 of the IPART Act. Because of rounding requirements adult single fares for CityRail can increase only by 20 cents a ticket or multiples of 20 cents. Given this, and our decision to increase fares by 5.9 per cent, IPART accepts that the fares proposed by RailCorp are reasonable.

In reaching its decision on fares, IPART considered the requirements of Section 15 of the IPART Act. For example, public transport passengers seek affordable public transport and ongoing improvements in service quality. RailCorp, as a public transport agency, seeks prices that will provide a suitable level of cost recovery and the ability to enhance services. The general community seeks to minimise the public subsidy of public transport and to maximise the benefits of these services to the environment and the economy. The diversity of these interests and concerns means that IPART must trade-off passenger affordability concerns, service quality expectations and social and environmental benefits against the financial viability of RailCorp and public funding requirements.

IPART decided to increase fares by a weighted average of 5.9 per cent² for the following reasons:

- ▼ CityRail operating costs have increased in recent years and are expected to increase further in 2007/08.
- ▼ Capital expenditure has increased from \$448m in 2005/06 to \$754m and is expected to remain at a high level in future years.
- ▼ The evidence presented to the Tribunal especially from independent sources indicates that there have been improvements in service quality since 2005, especially better punctuality and fewer delays and cancellations.
- ▼ Fares have increased by less than the rate of inflation on average in recent years.³
- ▼ Cost recovery levels are now at very low levels. Passengers will pay only 23 per cent of CityRail's costs in 2007/08.⁴
- ▼ The environmental impact of the weighted average 5.9 per cent fare increase will be minimal.

In making its determination, IPART has balanced the interests of passengers and people who do not use CityRail services but are required to pay much of the costs through taxation. IPART notes that the level of cost recovery will fall in 2007/08 even though a fare increase has been granted. This means that the contribution made by taxpayers to CityRail's operating costs will increase. The NSW taxpayer's contribution to CityRail in 2007/08 is expected to be around \$14 per household per week.

² Fare increases weighted by the number of tickets sold. IPART's own calculation.

³ Past IPART CityRail fare determinations and ABS for change in the CPI. CPI calculated using all capitals quarterly index numbers, year on year and the Fisher equation.

⁴ Costs defined as operating expenditure including depreciation.

IPART notes that the average household income of train users was around \$100,000 in 2005/06. This compares with an average income of \$71,658 for all households in NSW. Moreover, IPART does not set the fare for the pensioner excursion ticket. Although individual circumstances will vary, IPART does not consider that its decision will have a significantly adverse impact on most train users.

1.2 IPART's in-depth review of the regulatory framework

Now that it has completed its 2007 fare decision, IPART is commencing public consultation on its regulatory framework review. This review is to recommend an improved regulatory framework that will encourage CityRail to provide passenger rail services at efficient cost levels. To assist stakeholders in providing input to this review, IPART has prepared an issues paper which highlights the key issues for comment. The issues paper can be found on IPART's website.

IPART's 2007 fare decision and the new regulatory approach IPART is considering for determining CityRail's fares will be broadly consistent, and the 2007 decision will thus represent a first step towards that new approach. In practical terms, this means that the two reviews share the same key objectives. These objectives include:

- ▼ CityRail's costs and the efficiency of these costs
- ▼ an appropriate range for the allocation of costs between government and users taking into account the external benefits
- ▼ service standards
- ▼ likely future passenger demand
- ▼ then from all that information, the appropriate fares.

A number of stakeholder submissions during the 2007 fare review questioned the timing of this 2007 fare determination given IPART's decision to pursue the in-depth review of the regulatory framework over the coming 12 months. It has been suggested by some stakeholders that IPART should delay making a decision or approve a CPI increase in fares until the in-depth review is completed.⁵ IPART has considered these arguments and concluded that it is a matter of assessing the relative risks of making an interim decision on fares without the full information provided by the in-depth review, against the risk of not increasing fares in 2007 and the consequent impact on fares in the future. The key consideration, especially for customers, is the size of future fare adjustments.

IPART has decided that having a fare freeze until completion of the in-depth review will inevitably lead to larger fare increases in future years. On balance, therefore, IPART considered that it is in the best interests of both consumers and CityRail to make an annual fare determination in 2007, especially in the light of the relatively small increases in fares in recent years.

⁵ For example submissions from NCOSS and Action for Public Transport.

The in-depth review will consider the merits of setting a price path for CityRail over a number of years. The in-depth review will identify the appropriate price path taking into account the efficient level of costs and the appropriate range of cost sharing between the government and users. Based on this analysis, it is expected that the end point of the price path established by the wider in-depth review will be the same irrespective of the outcome of the 2007 decision - whether fares are increased in 2007 or not, the end point of the in-depth review will stay the same and consequently the impact of any 2007 decision will automatically be offset by the increases in subsequent years. That is to say, if the end point is the same coming out of the in-depth review and fares are not increased in 2007 there will be bigger increases in following years to get to that end point and, vice versa, if fares are increased in 2007 there will be smaller increases in subsequent years.

1.3 Structure of this report

This report explains IPART's determination in detail, including why it reached its decisions, and what those decisions mean for CityRail, its passengers, the government and community in general, and the environment. It is structured as follows:

- ▼ Chapter 2 explains IPART's review and decision-making process, and outlines the factors that guided its decision making
- ▼ Chapters 3, 4 and 5 discuss three of the major factors IPART considered in making its pricing decisions - CityRail's costs in providing the services concerned, revenue and cost recovery, and the standard of service
- ▼ Chapter 6 provides a list of the new fares
- ▼ Chapter 7 discusses implications for CityRail passengers, government funding and the environment arising from IPART's decision.

2 IPART's review and decision making process

IPART has made its 2007 determination of CityRail fares under the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act). In doing so, it had regard to each of the matters it is required to consider under the IPART Act. In addition, it considered the fare proposal submitted by RailCorp and the views of other stakeholders. The scope of the determination, and IPART's review and decision-making processes are outlined in more detail below.

2.1 Scope of the determination

IPART's role is to set maximum fares for CityRail's regular passenger services. These services include:

- ▼ Single, return and half fares
- ▼ Off-peak fares (adult and child)
- ▼ Periodical tickets
- ▼ TravelPasses
- ▼ Cityhopper
- ▼ Daytripper
- ▼ The CityRail part of any combined ticket (for example, the Bondi Beach ticket and TramLink).

IPART does not set prices for the Pensioner Excursion Ticket and the SydneyPass. Neither does IPART determine eligibility for concessions.

2.2 IPART's review process

IPART's review process included undertaking its own research and analysis, and conducting public consultation. As part of this review, IPART:

- ▼ Invited RailCorp to make a submission to the review, including a proposal on how CityRail fares should change.
- ▼ Invited other interested parties to make submissions, and received 198 submissions from individuals and organisations representing passengers (see Appendix C).

- ▼ Collected detailed financial and service quality information from RailCorp and Independent Transport Safety and Reliability Regulator (ITSRR).
- ▼ Held a public hearing on 5 September 2007 and invited some of the parties who made submissions to present their views at this hearing (see Appendix D for a list of participants).
- ▼ IPART then considered RailCorp's proposal, the issues raised in stakeholder submissions and the public hearing. It also analysed the information it obtained from RailCorp, and took into account its requirements under the IPART Act.

The Tribunal members for this review are Dr. Michael Keating AC, *Chairman*; James Cox, *Full Time Member and CEO*; and Sibylle Krieger, *Part Time Member*.

2.3 Overview of RailCorp's CityRail proposal

RailCorp's proposal asked IPART to consider increasing:

- ▼ Single fares for journeys up to 35 km will increase by 20 cents, for journeys from 35 km to 75 km by 40 cents, by 60 cents for journeys up to 175 km and for longer journeys by \$1.00
- ▼ Off peak fares for journeys up to 35 km will increase by 20 cents, for journeys from 35 km to 75 km by 40 cents, by 60 cents for journeys up to 135 km and for longer journeys by \$1.00
- ▼ Adult weekly tickets will increase by \$2.00 for journeys up to 35 km and by \$3.00 for longer journeys
- ▼ All TravelPasses will increase by \$2.00.

RailCorp argued that the proposed fare increases for CityRail were warranted by:

- ▼ operating costs continue to increase and are expected to increase further in 2007/08
- ▼ capital expenditure has increased from \$448m in 2005/06 to \$754m and is expected to remain at a high level in future years
- ▼ improvements in service quality since 2005, especially better punctuality and fewer delays and cancellations
- ▼ fares have increased by less than the rate of inflation on average in recent years
- ▼ cost recovery levels are now at very low levels. Passengers will pay only 23 per cent of CityRail's costs in 2007/08.

2.4 Requirements under the IPART Act

In reaching its decision on fares, IPART explicitly considered all the matters it is required to consider under section 15 of the IPART Act. These matters relate to:

- ▼ **Consumer protection** – protecting consumers from abuses of monopoly power; standards of quality, reliability and safety of the services concerned; social impact of decisions; effect on inflation.
- ▼ **Economic efficiency** – encouraging greater efficiency in the supply of services; the need to promote competition; effect of functions being carried out by another body.
- ▼ **Financial viability** – ensuring an appropriate rate of return on public sector assets, including dividend requirements.
- ▼ **Environmental protection** – promoting ecologically sustainable development via appropriate pricing policies; considering demand management and least-cost planning.

Appendix E sets out the Section 15 issues that have been addressed for this review.

In its response to the Parry inquiry in 2004, the Government of NSW directed IPART to take the following factors into account:

- ▼ Making fare increases up to the CPI subject to operators achieving efficiency gains.
- ▼ Making fare increases above the CPI subject to operators delivering clearly demonstrated customer benefits through improvements in service quality linked to specific initiatives.

However, in a letter to IPART dated 11 July 2007 Mr. John Watkins, Acting Premier of NSW revoked these directions.⁶ In making its decision, IPART has therefore considered the requirements of Section 15 of the IPART Act.

⁶ See Appendix A.

3 Costs of providing CityRail services

One of the main factors IPART considered in making its 2007 determination on CityRail fares is the cost of providing CityRail services. IPART took into account the increases in operating expenditure as well as the substantial increase in capital expenditure which is aimed to improve the safety, reliability and quality of CityRail services. CityRail's costs and cost efficiency are discussed in the sections below.

3.1 Costs

IPART reviewed the financial information provided by RailCorp as part of its 2007 CityRail fare proposal. The information indicates that, in the absence of government contributions and payments, CityRail's costs far exceed its revenue. In 2006/07, CityRail's total expenses, including depreciation, were estimated to be \$2.1 billion (see Table 3.1) and RailCorp forecasts CityRail's expenses to reach \$2.4 billion in 2007/08.⁷ This compares to farebox revenue which is estimated to be \$529 million in 2006/07 and \$551 million in 2007/08.⁸ Labour represents the largest component of CityRail's total costs, 54 per cent in 2006/07.⁹

⁷ RailCorp information provided to IPART.

⁸ RailCorp information provided to IPART.

⁹ RailCorp information provided to IPART.

Table 3.1 CityRail – revenue and operating expenses

	2004/05 (\$m)	2005/06 (\$m)	2006/07 (\$m)	2007/08F (\$m)	Average annual growth 2004/05 to 2007/08 (%)
Revenue					
Farebox revenue	487.2	490.5	529.3	551.0	4.2
Government contributions and payments	1,485.5	1,648.7	1,883.4	1,749.9	5.6
Other revenue	129.6	178.4	173.5	151.4	5.3
Total revenue	2,102.3	2,317.6	2,586.2	2,452.3	5.3
Expenses					
Labour	1,046.6	1,066.5	1,110.4	1,205.2	4.8
Contracts and professional services	292.7	277.2	275.5	329.9	4.1
Materials, spares plant and equipment	149.4	206.6	214.0	249.4	18.6
Other operating expenses	113.0	72.3	82.0	221.6	25.2
Depreciation and amortisation	395.7	406.8	384.2	399.0	0.3
Total expenses	1,997.4	2,029.4	2,066.1	2,405.1	6.4

Note: F – Forecast.

Source: RailCorp internal allocation.

The information provided also indicates that CityRail's costs are increasing at a rate faster than revenue. Annualised expenditure has increased by 6.4 per cent since 2004/05¹⁰, above CityRail's growth in farebox revenue (4.2 per cent) and its growth in other business revenue (5.3 per cent). This increase in costs has until recently required considerable increases in government deficit funding (taxpayer subsidy).

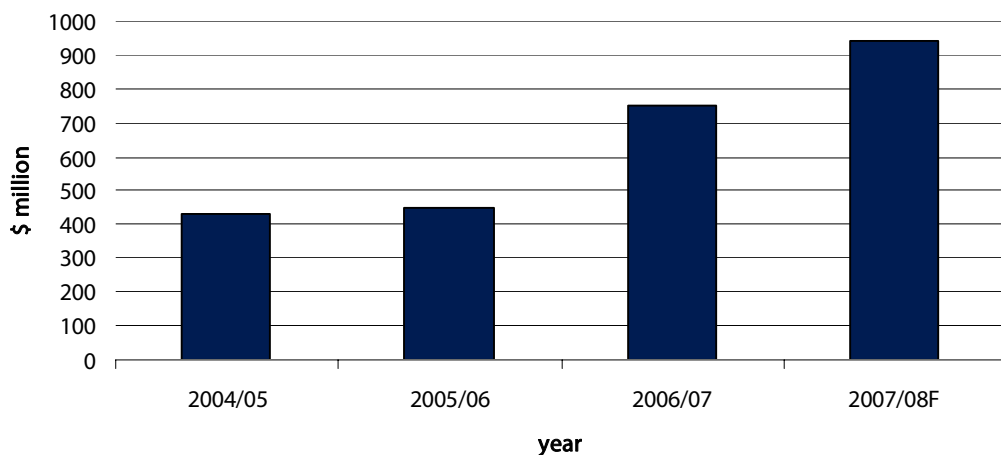
Labour costs which comprise over half of CityRail's costs were estimated to increase by 4.1 per cent in 2006/07 and are forecast to rise by 8.5 per cent in 2007/08 with wage increases based on current enterprise agreements resulting in cost increases of \$50m per annum¹¹ (around half of the \$95 million increase in labour in 2007/08). Costs associated with contracts and professional services are forecast to increase by more than 20 per cent in 2007/08, an annualised growth rate of 4.1 per cent over the 2004/05 – 2007/08 period.

¹⁰ Nominal increases.

¹¹ Figure provided by RailCorp's CEO Vince Graham at public Roundtable on 5 September 2007, transcript available from IPART's website.

The information provided by RailCorp also indicates significant increases in capital expenditure. RailCorp spent a total of \$754 million on capital improvements during 2006/07 (Figure 3.1).¹² This represents an increase of 68 per cent over the 2005/06 financial year. This new capital expenditure should deliver improved levels of service to passengers through new carriages, improved reliability through the clearways program and track maintenance, and station upgrades. Any capital improvements managed by the Transport Infrastructure Development Corporation are not included.

Figure 3.1 CityRail's capital expenditure 2004/05 – 2007/08



Note: F – Forecast. Nominal dollars.

Data source: RailCorp submission to IPART, 2007, p 12 and additional information provided to IPART.

As discussed in IPART's issues paper for the regulatory framework review, CityRail's cost structure will be influenced by a number of factors. These include factors such as the assets that relate to the provision of its regular passenger services and the operating environment, the level of service CityRail provides in terms of the mix of services and level of customer service, government requirements on revenue protection and passenger security as well as the efficiency of its operations in relation to service provision and asset maintenance.

RailCorp provided information to IPART which indicates that two business groups – Service Delivery and Asset Management Group – account for 86 per cent of CityRail's costs.¹³ However this information does not identify cost categories such as labour, electricity or other operating expenses by business segment. The existing approach to regulating CityRail fares does not require IPART to collect this information, therefore, IPART does not have a detailed understanding of the drivers of CityRail's operating costs, for example, the extent to which meeting peak demand for passenger services, the maintenance of rolling stock or the upgrading of stations

¹² RailCorp submission to IPART 2007, p 12.

¹³ RailCorp information provided to IPART and additional information provided to IPART.

is driving CityRail's costs. This detailed information will be collected and central to IPART's analysis within the new regulatory framework.

In undertaking the total cost review of CityRail's operations as part of the regulatory framework review, IPART's cost consultant will identify the likely drivers of CityRail's costs, both current and over the coming regulatory period. As outlined in the issues paper, IPART considers that increasing the transparency of the drivers of CityRail's costs and linking increases in fares to efficient costs has the potential to improve the cost efficiency of CityRail's operations.

3.2 Cost efficiency

IPART has considered the extent to which CityRail's costs are efficient, taking into account the requirements under the IPART Act.

In its 2006 determination IPART noted that it is unlikely that CityRail is operating at the lowest possible cost, and that this imposes a greater financial burden on both taxpayers and users.¹⁴ IPART noted that CityRail's costs had risen significantly, without there being a commensurate increase in services or passenger numbers.

IPART remains concerned about the continued growth in CityRail costs, but under the existing form of regulation IPART lacks the detailed understanding of the drivers of CityRail's costs to make efficiency adjustments. This detailed analysis of cost drivers and potential cost efficiencies will be an important element of the regulatory framework review.

IPART is concerned that the efficiency of CityRail's performance, whether in terms of costs or labour productivity measures, is well below international benchmarks. IPART recognises that some aspects of CityRail's operations may make it difficult to compare it to other metropolitan rail networks and hence complicates any comparison of rail operators' efficiency. However, as noted in the issues paper for the regulatory framework review, the level of costs required to operate and maintain the rail system and the subsequent level of government deficit funding differs considerably between Sydney and Melbourne. This disparity warrants further investigation into the drivers of CityRail's costs as well as the relative efficiency of CityRail.

As noted, IPART considers that there is scope for CityRail to reduce its costs by becoming more efficient. However, it notes that the present level of cost recovery is low and that the fare increases determined by IPART average 5.9 per cent. On the basis of the information available, it is unlikely that the fares determined by IPART will exceed the share of CityRail's costs that users should pay. This issue will be further considered as the major review proceeds and an adjustment in fares will be made in later years if necessary.

¹⁴ Ibid.

4 Revenue and cost recovery

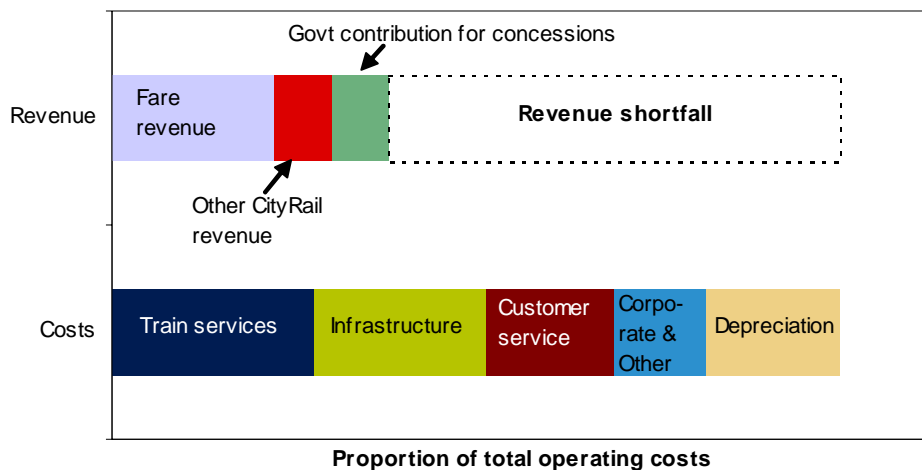
CityRail does not generate sufficient revenue from fares and other revenues such as rent to cover the total cost of providing its passenger rail services. Therefore, most of CityRail's funding comes from taxpayers via government subsidies. Government subsidies for CityRail may be appropriate given NSW Government policy on concession fare funding and the positive external benefits generated by CityRail's services such as reduced environmental impacts and congestion. That said, the government subsidy to CityRail has increased substantially since 2000 and IPART has not been provided with evidence which suggests that there has been a corresponding increase in the external benefits. IPART's in-depth review will determine the appropriate range for the allocation of costs between the government and users taking into account these positive externalities. In the mean time, the 2007 fare decision will ensure that CityRail receives a revenue increase to partly offset the substantial cost increases discussed in Chapter 3.

4.1 Sources of CityRail's revenue

The majority of CityRail's revenue comes from taxpayers through government subsidies. In 2006/07, the level of government funding budgeted for CityRail was \$1.9 billion, which is equivalent to taxpayers providing a subsidy worth around \$15 per week per household in NSW.¹⁵ This level of government funding has grown significantly over the last seven years. The rest of CityRail's funding comes from farebox revenue and other income sources such as rent for retail shops at stations. IPART questions the sustainability of CityRail's current funding arrangements, as with any business CityRail must attain sufficient revenue to provide its services and invest in its business to enhance service levels in the future. Attaining more sustainable and transparent funding arrangements will be a key aspect of IPART's regulatory framework review.

Figure 4.1 shows CityRail's revenue relative to its costs.

¹⁵ RailCorp information provided to IPART and ABS (Cat No. 2068.0).

Figure 4.1 CityRail's revenue relative to its total operating costs

Note: Total costs do not include interest payments.

Source: RailCorp and IPART.

4.2 Cost recovery levels

The level of cost recovery refers to the proportion of CityRail's operating costs (including depreciation) that is funded directly by users (through farebox revenue) and other revenues such as rent. A fall in this level indicates that a greater share of CityRail's costs is being funded by the taxpayers through government subsidies.

IPART's 2007 determination means that in 2007/08, cost recovery excluding CSO funding is expected to be 29 per cent, a fall of 5 per cent compared to 2006/07.¹⁶ Farebox revenue is expected to fund 23 per cent of CityRail's total costs, with other revenue to fund an additional 6 per cent of costs.¹⁷ The fare increase will generate an additional \$22m of revenue – a 4.1 per cent increase – for the remainder of the 2007/08 financial year.¹⁸ This compares to a total operating expenditure increase of \$339m or 16 per cent for 2007/08.¹⁹ Therefore, the increase in fare revenue as a result of the fare increase determined by IPART will cover around 6 per cent of the increase in operating expenditure alone.²⁰

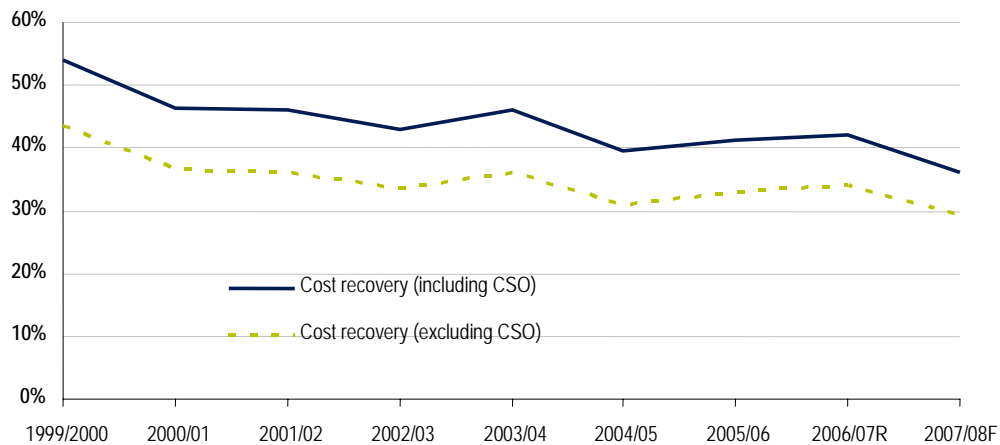
¹⁶ RailCorp information provided to IPART.

¹⁷ RailCorp information provided to IPART.

¹⁸ RailCorp information provided to IPART.

¹⁹ RailCorp information provided to IPART.

²⁰ Operating expenditure includes depreciation. No increase in depreciation is forecast from 2006/07 to 2007/08.

Figure 4.2 Cost recovery of CityRail

Note: F- forecast. Prior to the establishment of RailCorp, access fees are assumed to be reflective of below-rail costs. 2007/078 forecast revenues and costs under RailCorp's proposal. 2007/08 is an estimate.

Source: RailCorp.

Figure 4.2 clearly shows the ongoing decline in CityRail's cost recovery levels since 2000. This trend has been driven by significant increases in costs which have only partly been offset by revenue growth.

Cost recovery levels and cost sharing ratios between the government and users was an important issue for IPART to consider for the 2007 fare review. IPART considered that the following factors were important in deciding on this issue:

- ▼ external benefits derived from CityRail's services and how these are linked to the government subsidy for CityRail – for example, the government subsidy has been increasing over the last seven years but has there been a corresponding increase in external benefits such as reduced road congestion arising from rail use to justify such an increase
- ▼ efficient costs incurred in meeting a given level of service quality – rising costs due to inefficiency should be borne by the shareholder (government) rather than by users
- ▼ cost recovery in other modes of public transport – large differences between the cost recovery of modes of transport may affect consumer decisions on modes of travel and government decisions on future investment in infrastructure
- ▼ the social impacts of fare changes and equity between passengers and non-users of the system is discussed in Chapter 6.

IPART's decision means cost recovery levels will still fall in 2007/08 but the fare increase will provide RailCorp with a revenue increase to partly offset the cost increases forecast for 2007/08.

IPART's issues paper for the regulatory framework review discusses the issue of cost sharing and social benefits in more detail.

5 Service standards

As part of this review IPART considered whether CityRail has made improvements to standards of quality, reliability and safety of its train services. In its proposal, RailCorp reported that CityRail has achieved significant improvements in safety, security, and on-time running, and reductions in cancellations and skipped stops.²¹ However, other stakeholders expressed dissatisfaction with CityRail's performance in relation to a range of service quality issues. The following sections discuss measures of and trends in the standard of CityRail services and customer perceptions of CityRail.

5.1 Quality of services

RailCorp's proposal argues there have been significant improvements in CityRail's performance with:

- ▼ Significant investment in measures to improve safety including:
 - Health assessments for drivers
 - Over \$30 million spent on installing vigilance safety systems and a traction interlocking system (which disengages power when train doors are not fully closed) on trains
 - Commencement of a trial of an Automatic Train Protection system (where a train's brakes would be applied if a driver fails to slow down sufficiently before a red signal or low speed limit area)
 - Various safety campaigns (eg, pram safety) and safety systems and registers.
- ▼ Improved on time running, averaging 92.9 per cent²² compared with 67.4 per cent in 2004/05 (adjusted for the change in definition of on time from 3:59 to 5 minutes from 1 July 2005).²³
- ▼ Regularly meeting its targets of 99 per cent of peak services running and 0.5 per cent of peak stops skipped.
- ▼ A reduction in the total minutes late per month for peak services from 20,000 to 40,000 in 2004/05 to consistently less than 10,000 minutes per month since September 2005.

²¹ RailCorp submission to IPART, 2007, pp 20-30.

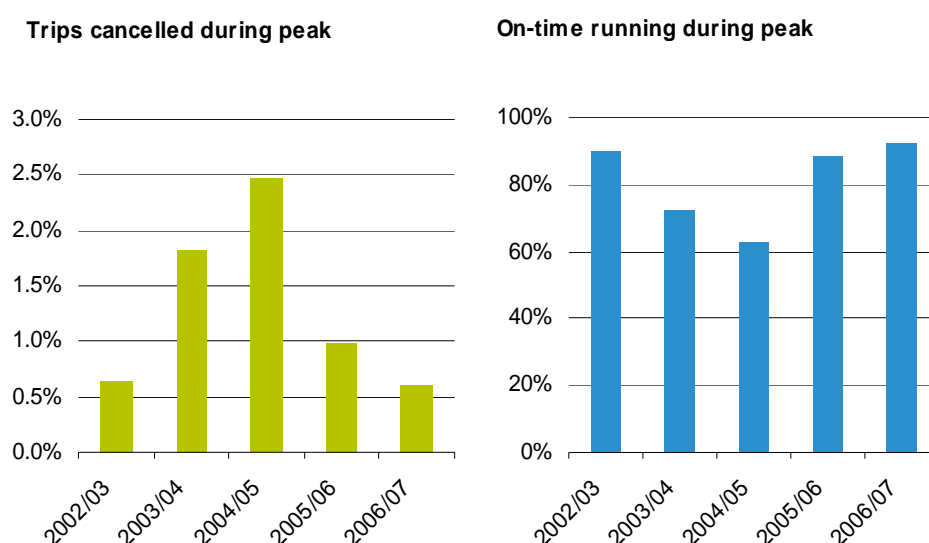
²² RailCorp proposal used data for July 2006 to March 2007. Data since released on CityRail website indicates on-time running for July 2006 to June 2007 was 92.2 per cent or 92.8 per cent when adjusted for force majeure.

²³ On time running in 2004/05 using the 3 minutes 59 definition was 62.7 per cent. See RailCorp submission to IPART 2007, p 24.

- ▼ Expenditure and investment in measures to improve passenger security including payroll costs for CityRail's security division, help points, closed circuits TV's and operator costs.²⁴

IPART is satisfied that there have been consistent improvements in on-time running and percentages of peak services run in the last two years (see Figure 5.1). In 2006/07 over 92 per cent of peak hour trains ran on time and 0.6 per cent of peak trips were cancelled. This exceeds CityRail's targets of 1 per cent of trips cancelled and 92 per cent of peak services running on time.

Figure 5.1 CityRail Trips cancelled and on time running 2002/03 to 2006/07



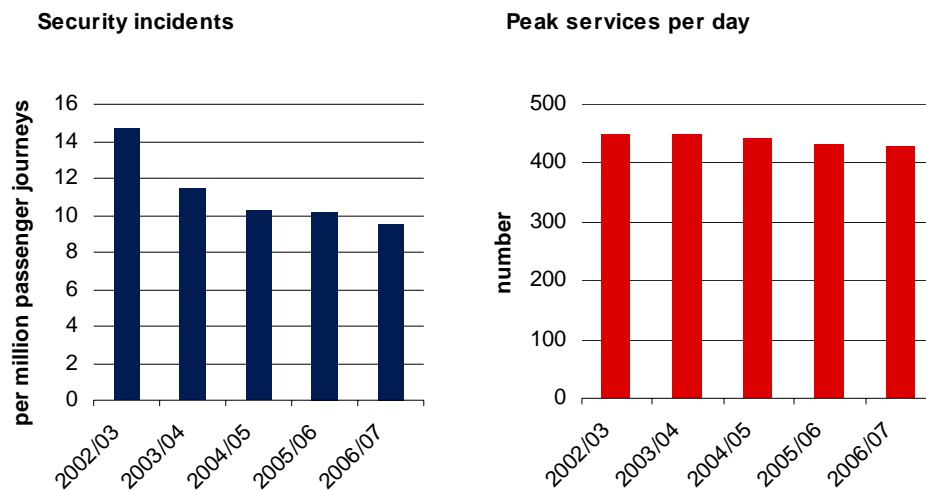
Source: CityRail website and IPART

Improvements in number of trips cancelled, on-time running performance and total minutes delay per month are linked to a new timetable introduced in September 2005.²⁵ However the new timetable reduced the number of peak and off peak services run by CityRail as well as the timetabled speed of services. CityRail operated 427 peak services per day in 2006/07 compared to 448 peak services in 2003/04 - a reduction of approximately 5 per cent (see Figure 5.2). The Independent Transport Safety and Reliability Regulator ITSRR observes that the new timetable effectively reduced the nominal capacity of the CityRail system however, ITSRR also noted that effective capacity needs to take into account nominal capacity and operational performance. ITSRR further noted that in some circumstances from a customer perspective it may be preferable to improve operational performance at the expense of a reduction in nominal capacity. The available evidence suggests that the net effect has been positive.²⁶

²⁴ RailCorp submission to IPART 2007, pp 20-30.

²⁵ The definition of on-time running was changed in July 2005, increasing the threshold for on-time from 3:59 minutes to 5 minutes.

²⁶ ITSRR, submission to IPART 2007, p 13.

Figure 5.2 CityRail Security Incidents and Peak services run 2002/03 to 2006/07

Source: RailCorp, CityRail website and IPART.

IPART also notes that the number of security incidents per million passenger journeys has reduced from over 14 in 2002/03 to less than 10 in 2006/07 (see Figure 5.2).

Despite the general improvement in indicators of service quality discussed above (with the exception of number of peak services and timetabled speed), submissions on CityRail's fare proposal display dissatisfaction with CityRail's service.²⁷ Submissions were generally critical of the quality and reliability of services with most frequently cited areas of complaint being late running trains, overcrowding, reduced frequency of services, faulty or non-existent air conditioning, cancellations, poor communication from CityRail staff, longer journey times and dirty trains.

IPART is aware of the limitations of on-time running as a measure of the standard of service, but nevertheless considers on-time running a useful indicator for the purposes of this review. The limitations of on-time running as a measure of service standards include:

- ▼ Until recently CityRail measured on time running in peak hours only. IPART notes that CityRail is working towards reporting on time running over 24 hours in addition to its reporting of on-time running in peak hours.
- ▼ On-time running when averaged over time and across lines on-time running does not necessarily accurately reflect customer experiences. There are disparities in on-time running on different train lines. The RailCorp proposal notes that on-time running on the Western and Northern Lines (87.8 per cent and 87 per cent respectively) fell below the target of 92 per cent of peak services arriving on-time, although over all lines CityRail met its target.²⁸

²⁷ For example submission from Action for Public Transport.

²⁸ RailCorp submission to IPART 2007, p .24.

- ▼ Aggregated on-time running statistics may not be sensitive to single incidents, even where those incidents have caused major disruption to rail travellers. For example an incident on the Harbour Bridge on 5 July 2007 resulted in significant delays for many people²⁹ although CityRail's on-time running that week was not greatly below its target of 92 per cent and on the North Shore line overall peak on-time running that week was 86 per cent.³⁰
- ▼ CityRail changed its definition of on-time running in July 2005 from (suburban) trains arriving at their final destination within 3 minutes 59 seconds of scheduled time to 5 minutes. IPART acknowledges the difficulties presented by the change in definition. CityRail has provided on-time running figures for 2004/05 using both definitions which indicate that the change in definition resulted in approximately 5 percentage point's improvement in on-time running. IPART notes that improvements in on-time running since 2004/05 have been in the order of 30 percentage points over the period and cannot all be accounted for by the definition change.

IPART will be doing a detailed review of service standards and how they are measured as part of its regulatory framework review (see issues paper for this review).

²⁹ Sydney Morning Herald, 7 July 2007, p 4, reported "More than 30,000 commuters caught buses or walked across the Bridge' as a result of a train breakdown and the Daily Telegraph, Friday 6 July, p 1, reported the transport system as paralysed and disruptions to 'hundreds of thousands' of travellers.

³⁰ CityRail website.

5.2 Surveys of CityRail Customers

IPART also reviewed the trends in annual surveys of CityRail customers undertaken since 2004 by ITSRR. Respondents are asked to rate both the importance and quality of 37 aspects of CityRail's service.

Over 75 per cent of train users responding to ITSRR's 2007 Survey of CityRail Customers were satisfied³¹ with the cost of train travel. Almost half of train users surveyed (44 per cent) rated the cost of train travel as 'good' or 'very good'. There were similar proportions of train users satisfied with journey time (80 per cent) and a clear majority of train users were satisfied with train frequency (69 per cent) and punctuality (68 per cent).

ITSRR reports that there were only 5 aspects of service with statistically significant³² changes between 2006 and 2007 in the proportion of train users whose expectations were met, four of which were positive. There were increases in percentages of respondents with expectations met for:

- ▼ journey time (up 6 percentage points in 2007, and continues a statistically significant increase between 2005 and 2006)
- ▼ frequency of trains (up 6 percentage points in 2007, and continues a statistically significant increase between 2005 and 2006)
- ▼ punctuality (up 4 percentage points in 2007, and continues a statistically significant increase between 2005 and 2006)
- ▼ clarity of announcements on the train (up 5 percentage points in 2007).³³

However there was one area with a statistically significant decrease in proportion of surveyed train users whose expectations were met in 2007; crowding in trains at peak commuter times.³⁴

Table 5.1 lists the aspects of services with the highest average importance rankings in 2007 and percentages of respondents whose expectations were met. The proportion of people with expectations met rose or held steady between 2006 and 2007 for 7 out of the thirteen aspects of service listed in Table 5.1 and fell for 6 out of the aspects listed. However, with the exception of the shifts mentioned above, these movements are not statistically significant.

³¹ ITSRR, *Survey of CityRail Customers 2007*, p 43 and 46. 'Satisfied' means train users who rated that aspect of service as desirable or more important and acceptable or better in quality.

³² Significant at the 1 per cent level.

³³ ITSRR, *Survey of CityRail Customers 2007*, p 3.

³⁴ Ibid.

Table 5.1 ITSRR surveys – CityRail Aspects of service – percentage of train users with expectations met ^{(a)(b)}

	Percentage with expectations met				Importance ranking
	2004	2005	2006	2007	2007
Personal safety on stations in the evenings	66	71	70	66	1
Personal safety in train carriages, evenings	64	67	64	62	2
Station information about arrival/departure times	71	66	78	79	3
Punctuality of trains	44	38	64	68	4
Quality of information about delays and cancellations	63	57	69	68	5
Frequency of trains	56	52	63	69	6
Clarity of announcements on platform	64	61	64	64	7
Timeliness of delay/cancellation announcements	62	58	67	70	8
Removal of litter from the train	79	80	78	77	9
Staff effectiveness in dealing with security problems	63	65	69	64	10
Facilities for calling for help in carriages/on platform	63	68	66	64	11
Personal safety on stations, peak	82	82	82	83	12
Delays and cancellations	41	38	59	62	13
Aspect of service with lowest % of expectations met	crowding (38%)	punctuality (38%)	avail. of secure parking (38%)	crowding (36%)	

Note:

a ITSRR surveys 37 aspects of service. Aspects included in this table were those ranked most important by customers surveyed in 2007. The aspect of service with lowest levels of satisfaction that year is also included.

b percentage of train users who rated that aspect of service as being desirable or higher in importance and acceptable or better in quality.

Statistically significant (at 1 per cent significance) increase from the previous year.

Statistically significant (at 1 per cent significance) decrease from the previous year.

Source: ITSRR Surveys of CityRail Customers 2004, 2005, 2006 and 2007.

5.3 CityRail service standards have improved

IPART considers that CityRail service standards have demonstrably improved in the last two years as measured by on time running, percentage of peak services cancelled, and the rate of security incidents per passenger journey. ITSRR surveys of customer perceptions of CityRail support this conclusion with significant increases over the last two years in the proportions of people whose expectations have been met with regard to journey time, punctuality of trains and frequency of trains.

IPART recognises however that, despite these trends, around 30 per cent of CityRail customers have not had their expectations met for train frequency and punctuality and that the aggregate statistics mask times and lines with punctuality and on-time running below target levels. Submissions to this review were generally critical of the CityRail's standards of service.

In reaching its decision IPART acknowledges that more work is needed to improve the extent to which measures of service quality reflect customer experiences. IPART notes that there are aspects of CityRail services which have declined - notably the reduction in the number of timetabled services and train speeds and customer dissatisfaction with crowding in peak hour trains. However the ITSRR surveys suggest that train frequency and journey time are less likely to be issues for train users if they can depend on their train being on time.³⁵

IPART will investigate the measurement of CityRail services in more depth as part of its regulatory framework review.

³⁵ ITSRR, *Survey of CityRail Customers 2007*, p 3.

6 The new fares

In making its decision, IPART took into account the fact that the proposed fare increases are unlikely to impose a significant financial burden on users and that fares have decreased in real terms since 2001. On balance, IPART found that CityRail's requested fare increase was reasonable considering:

- ▼ substantial cost increases that CityRail must pay for
- ▼ the scale of the current capital investment program being undertaken which should provide benefits to users
- ▼ revenue from fares is recovering a declining level of CityRail's costs and hence there is an increasing public transport subsidy provided by NSW taxpayers
- ▼ improved service levels.

IPART's decision means that CityRail fares will increase by a weighted average of 5.9 per cent³⁶. Taking into account that the fares will be implemented in the second quarter of the 2007/08 financial year, the likely impact of the fare increase on farebox revenue for 2007/08 will be around 4.1 per cent. Some fares may increase by more, for example, a single ticket from Kings Cross to Central will increase by 20 cents or 8.3 per cent. Others will rise by less than 5.9 per cent, such as a return trip from Parramatta to Central which will rise by 40 cents or 5.0 per cent.

IPART has considered the fares actually proposed by RailCorp against the requirements of Section 15 of the IPART Act. Because of rounding requirements adult single fares for CityRail can increase only by 20 cents a ticket or multiples of 20 cents. Given this, and our decision to increase fares by 5.9 per cent, IPART accepts that the fares proposed by RailCorp are reasonable.

The exact fares that IPART has determined are presented below, along with the percentage change and absolute change in each fare. The unrounded fare column in each table represents IPART's 2007 masterfare schedule. This schedule has been derived by adding the fare increases of this year's determination to last year's masterfare schedule.

³⁶ Fare increases weighted by the number of tickets sold. IPART's own calculation.

6.1 CityRail's single journey tickets

CityRail's new single journey fares are shown in Table 6.1. Return fares are twice the single fare ticket price. Half fares are half the corresponding single ticket price.

Table 6.1 Adult single

Distance up to (km)	2006/07	2007/08		Change (%)	Masterfare (\$)
	Fare (\$)	New fare (\$)	Change (\$)		
5	2.40	2.60	0.20	8.3	2.46
10	2.80	3.00	0.20	7.1	3.08
15	3.20	3.40	0.20	6.3	3.29
20	3.60	3.80	0.20	5.6	3.90
25	4.00	4.20	0.20	5.0	4.32
30	4.40	4.60	0.20	4.6	4.73
35	4.40	4.60	0.20	4.6	4.73
45	5.20	5.60	0.40	7.7	5.75
55	6.20	6.60	0.40	6.5	6.57
65	6.80	7.20	0.40	5.9	7.19
75	8.20	8.60	0.40	4.9	8.63
85	9.00	9.60	0.60	6.7	9.66
95	10.00	10.60	0.60	6.0	10.68
105	10.40	11.00	0.60	5.8	11.10
115	11.60	12.20	0.60	5.2	12.33
125	13.00	13.60	0.60	4.6	13.77
135	13.20	13.80	0.60	4.6	13.98
155	15.20	15.80	0.60	4.0	16.04
175	17.40	18.00	0.60	3.4	18.09
195	21.00	22.00	1.00	4.8	22.61
215	21.00	22.00	1.00	4.8	22.61
235	25.00	26.00	1.00	4.0	26.73
255	25.00	26.00	1.00	4.0	26.73
305	29.00	30.00	1.00	3.5	29.81
305+	29.00	30.00	1.00	3.5	29.81

6.2 CityRail's off-peak fares

Adult off-peak fares are sold as return fares only, generally available from 9:00 am weekdays, and all day on weekends and on public holidays. In this determination, IPART has not changed the discount given on off-peak tickets. The new adult off-peak fares are shown in Table 6.2 and the new child off-peak fares are shown in Table 6.3

Table 6.2 Adult off-peak

Distance up to (km)	2006/07	2007/08	Change (\$)	Change (%)	Masterfare (\$)
	Fare (\$)	New fare (\$)			
5	3.40	3.60	0.20	5.9	3.56
10	4.00	4.20	0.20	5.0	4.12
15	4.40	4.60	0.20	4.6	4.68
20	5.00	5.20	0.20	4.0	5.24
25	5.60	5.80	0.20	3.6	5.80
30	6.20	6.40	0.20	3.2	6.36
35	6.20	6.40	0.20	3.2	6.36
45	7.20	7.60	0.40	5.6	7.68
55	8.60	9.00	0.40	4.7	9.08
65	9.60	10.00	0.40	4.2	9.92
75	11.40	11.80	0.40	3.5	11.88
85	12.60	13.20	0.60	4.8	13.20
95	14.00	14.60	0.60	4.3	14.60
105	14.60	15.20	0.60	4.1	15.16
115	16.20	16.80	0.60	3.7	16.84
125	18.20	18.80	0.60	3.3	18.80
135	18.40	19.00	0.60	3.3	19.08
155	21.00	22.00	1.00	4.8	22.28
175	24.00	25.00	1.00	4.2	25.36
195	29.00	30.00	1.00	3.5	30.40
215	29.00	30.00	1.00	3.5	30.40
235	35.00	36.00	1.00	2.9	36.00
255	35.00	36.00	1.00	2.9	36.00
305	40.00	41.00	1.00	2.5	41.60
305+	40.00	41.00	1.00	2.5	41.60

Table 6.3 Child off-peak

Fare Zone	2006/07		2007/08		Masterfare (\$)
	Fare (\$)	New fare (\$)	Change (\$)	Change (%)	
Sydney suburban	2.50	2.60	0.10	4.0	2.57
Newcastle suburban	2.50	2.60	0.10	4.0	2.57
Outer metropolitan	3.60	3.70	0.10	2.8	3.70
CityRail network	5.90	6.10	0.20	3.4	6.07

6.3 CityRail weekly fares

CityRail weekly tickets allow unlimited journeys between the stations shown on the ticket for 7 consecutive days. The new fares are shown in Table 6.4.

Table 6.4 Adult weekly

Distance up to (km)	2006/07		2007/08		Masterfare (\$)
	Fare (\$)	New fare (\$)	Change (\$)	Change (%)	
5	19.00	21.00	2.00	10.5	20.52
10	23.00	25.00	2.00	8.7	24.64
15	26.00	28.00	2.00	7.7	27.73
20	29.00	31.00	2.00	6.9	30.81
25	32.00	34.00	2.00	6.3	33.90
30	34.00	36.00	2.00	5.9	35.96
35	35.00	37.00	2.00	5.7	36.99
45	38.00	41.00	3.00	7.9	41.07
55	41.00	44.00	3.00	7.3	44.16
65	45.00	48.00	3.00	6.7	48.28
75	48.00	51.00	3.00	6.6	51.36
85	51.00	54.00	3.00	5.9	54.45
95	53.00	56.00	3.00	5.7	56.51
105	55.00	58.00	3.00	5.5	58.57
115	57.00	60.00	3.00	5.3	60.62
125	60.00	63.00	3.00	5.0	63.71
135	66.00	69.00	3.00	4.6	68.86
155	72.00	75.00	3.00	4.2	75.03
175	76.00	79.00	3.00	4.0	79.15
195	83.00	86.00	3.00	3.6	87.38
215	83.00	86.00	3.00	3.6	87.38
235	97.00	100.00	3.00	3.1	101.78
255	97.00	100.00	3.00	3.1	101.78
305	110.00	113.00	3.00	2.7	114.13
305+	110.00	113.00	3.00	2.7	114.13

6.4 TravelPasses

TravelPasses are available for unlimited travel on the CityRail, State Transit Services and Sydney Ferries for the zone specified on the ticket purchased. The new prices for these products are shown in Table 6.5.

Table 6.5 Adult TravelPass (weekly)

Fare Zone	2006/07	2007/08	Change (\$)	Change (%)	Masterfare (\$)
	Fare (\$)	New fare (\$)			
Red	33.00	35.00	2.00	6.0	\$34.93
Green	41.00	43.00	2.00	4.9	\$43.16
Yellow	45.00	47.00	2.00	4.4	\$47.28
Pink	48.00	50.00	2.00	4.2	\$50.36
Purple	55.00	57.00	2.00	3.6	\$57.57

CityRail offers TravelPasses for Newcastle services for two different zones (yellow and pink). These products are linked to the Sydney area product for the yellow and pink zones, and consequently the new fares for these Newcastle TravelPasses are the same as the fares for these zones shown in Table 6.5 above.

6.5 CityHopper fares

CityHopper tickets are valid for unlimited travel within the CityHopper zone on the day purchased and up to 4 am the following day. If CityHopper tickets are purchased outside the CityHopper zone, an add-on must be purchased. The new prices for CityHopper tickets are shown in Table 6.6.

Table 6.6 CityHopper fares

Ticket type	2005/06 Fare (\$)	2007/08 Fare (\$)	\$ change	% change
CityHopper	7.00	7.40	0.40	5.7
CityHopper off-peak	5.00	5.20	0.20	4.0
CityHopper child	3.50	3.70	0.20	5.7
CityHopper child off-peak	2.50	2.70	0.20	8.0
CityHopper add-on	2.20	2.20	0.00	0.0
CityHopper add-on child	1.10	1.10	0.00	0.0

6.6 DayTripper fares

DayTripper tickets are valid for unlimited travel on CityRail, Sydney Buses and Sydney Ferries within the boundaries of the Pink TravelPass zone on the day purchased and up to 4 am the following day. The new prices for DayTripper tickets are shown in Table 6.7.

Table 6.7 DayTripper fares

Ticket type	2006/07 Fare (\$)	2007/08 Fare (\$)	\$ change	% change
DayTripper	15.40	16.00	0.60	3.9
DayTripper child	7.70	8.00	0.30	3.9

6.7 CityRail other fares

CityRail offers a number of other fares that use more than one transport mode such as the Moore Park ticket (train and bus) or the Manly ticket (train and ferry). These tickets are calculated as the sum of the single/return price of the relevant distance fare (as set out in Table 6.1) travelled on the CityRail network plus the add-on fare for the other transport mode used in the relevant Link ticket.

The fares for these tickets will increase from 11 November 2007, in proportion to the distance travelled on the CityRail network based on the type of fare used and the fares applying from 11 November 2007 (for example adult single or return). For Link tickets using public buses or ferries, the add-on proportion of the fare is dependent on IPART's relevant determinations of public buses and ferries.

7 Implications CityRail passengers, government funding and the environment

Before finalising its determination, IPART considered the likely impact of its decision on CityRail's passengers, government funding and the environment.

7.1 Implications for CityRail passengers

IPART noted that CityRail fares have not increased markedly since its 1999 fare review (Table 7.1), which resulted in a nominal increase in fares of 13.8 per cent in 2000.³⁷ Since then fare increases have been modest with no fare increases approved for the two years from 2004/05 to 2005/06. In real terms, average fares have decreased by 1.4 per cent in the six years since 2001/02.³⁸

Table 7.1 Weighted average fare increases in recent years

	Weighted fare increase (%)	CPI change ³⁹ (%)	Cumulative real fare change ⁴⁰ (%)
2001/02	3.3	2.9	0.4
2002/03	2.0	3.1	-0.7
2003/04	5.0	2.4	1.9
2004/05	0.0	2.4	-0.5
2005/06	0.0	3.2	-3.6
2006/07	5.1	2.9	-1.4

Note: IPART was directed not to review fares in 2004/05 and 2005/06.

Source: Past IPART CityRail fare determinations and ABS for change in the CPI. CPI calculated using all capitals quarterly index numbers, year on year and the Fisher equation.

In this context, IPART considers that its 2007 pricing decisions will result in a modest increase in fares that is not expected to pose an unacceptable burden on rail users.

The impact of fare increases on individual passengers is likely to depend on their overall income level. If we look at the statistical profile of the Sydney district as a whole, weekday rail users are more likely to work full time, and to have a higher annual income than users of other public transport mode with the exception of

³⁷ IPART 1999 determination, <http://www.iprt.net/pdf/Det99-3&4.pdf>

³⁸ Past IPART CityRail fare determinations and ABS for change in the CPI. CPI calculated using all capitals quarterly index numbers, year on year and the Fisher equation.

³⁹ All capitals quarterly index numbers, year on year.

⁴⁰ Calculated using the Fisher equation.

Sydney Ferries passengers (Tables 7.2 and 7.3). This reflects the heavy use of rail services by commuters, and the urban development (including employment and income growth) of the outer fringe where the share of rail use is particularly high.

Table 7.2 Labour force status of peak and off-peak travellers

	Weekday off-peak ticket holders %	Weekend off-peak ticket holders %	AM peak ticket holders %
Full-time work	53.6	42.5	77.1
Part-time & casual work	13.4	17.7	9.1
Adult studying full or part-time	12.0	13.6	7.6
Pensioner	14.4	14.0	4.2
Other	6.6	12.3	2.0

Note: AM peak is defined as the 3 hour morning peak. Weekday off-peak is defined as weekday travel outside the 3 hour AM peak. Excludes school children.

Source: Transport and Population Data Centre 2006.

Table 7.3 Public transport income profile (2002/03 to 2003/04)

	No. of trips	Average personal income (\$)	Average household income (\$)	Median household income (\$)
Sydney Buses	268,118	47,701	92,410	74,672
Ferries	24,959	77,848	129,745	137,800
Private Bus	66,817	32,044	74,688	56,732
CityRail	484,876	53,385	99,621	83,980

Source: Transport and Population Data Centre, Household Travel Survey 2002/03 and 2003/04.

On the whole, the fare decision should not significantly affect affordability – around 55 per cent of train passengers are commuters to the Sydney CBD⁴¹ and the average household income of all train users is \$100,000 which is above the average household wage in NSW of \$71,658.⁴² While this is true for the average CityRail passenger, IPART also took into account that many passengers may not reach this average household income level. At the same time, IPART noted that in 2005/06 over 24 per cent⁴³ of all tickets sold by CityRail are half fares or off-peak tickets which offer a considerable discount on the full fare. This percentage does not include school travel and pensioner excursion tickets.

IPART also considered the 1996 fare elasticity study by Professor David Hensher⁴⁴ and concluded that the financial impact of fare increases on passengers is not expected to affect overall patronage levels because of the low elasticity (or

⁴¹ RailCorp 2007 proposal, p 9.

⁴² Source: ABS cat no 6523.0.55.001, mean gross household income (weighted) in NSW, 2005/06.

⁴³ RailCorp, IPART's own calculations.

⁴⁴ Hensher and Raimond, *Estimation of Public Transport Fare Elasticities in the Sydney Region*, 1996, available on the Tribunal's website.

sensitivity) of patronage to fares, particularly for minor fare adjustments. The CityRail fare elasticity for commuters suggest that a 5 per cent increase in CityRail fares would result in a reduction in commuter travel of around 1 per cent⁴⁵. IPART notes that a number of factors influencing rail passenger's travel behaviour may have changed since 1996 such as general employment growth particularly in the CBD and petrol prices. IPART has engaged Booz Allan Hamilton to update the 1996 fare elasticities study as part of the regulatory framework review for CityRail fares.

7.2 Implications for the government and the general community

IPART's fare decisions have implications for the government in terms of its budget position and for the general community as taxpayers. The issue of cost sharing between the government and users is discussed in Chapter 4 and will be a key part of the regulatory framework review.

IPART's 2007 decision on fares will result in an increase in revenue of about \$22 million or 4.1 per cent for the 2007/08 financial year⁴⁶ and it is not expected that IPART's decision will contribute to an improvement in the proportion of costs recovered from users.

Table 7.4 NSW Government contributions and payments to CityRail

	2004/05	2005/06	2006/07	2007/08F
	\$m	\$m	\$m	\$m
Concessions	173	171	165	167
Capital contribution	409	457	543	400
Other	903	1 021	1 175	1 184
Total	1 485	1 649	1 883	1 751

Note: F – forecast. Totals may not add due to rounding.

Source: RailCorp.

IPART's analysis indicates that in 2006/07, CityRail's overall level of cost recovery is likely to be 34 per cent.⁴⁷ After the 2007 determination, this level is expected to fall to 29 per cent in 2007/08.⁴⁸ This is because forecast increases in expenses (associated with rising labour costs and investment in passenger service and safety improvements) will be higher than forecast increases in revenue from fare increases. At the same time, capital grants are budgeted to decrease during 2007/08 and as a result, the level of funding that must come from consolidated revenue is forecast to slightly decrease.

⁴⁵ Assuming a fare elasticity of -0.25.

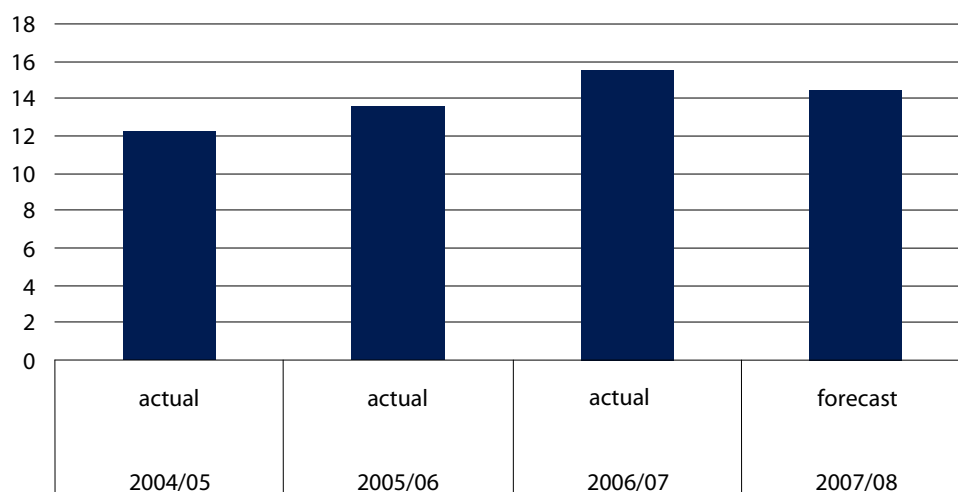
⁴⁶ RailCorp information provided to IPART.

⁴⁷ Farebox revenue and other revenue (excludes CSOs) source RailCorp information provided to IPART.

⁴⁸ Farebox revenue and other revenue (excludes CSOs) source RailCorp information provided to IPART.

The general taxpayers contribution to CityRail’s total expenses (including depreciation) per NSW household is forecast to be around \$14 per week which is slightly down from around \$15 per week during 2006/07 (Figure 7.1).

Figure 7.1 CityRail funding per NSW Household per week



Note: Funding includes concessions, services funding, and capital grants.

Data source: RailCorp and ABS (Cat. No. 2068.0).

7.3 Impact on the environment

In making its determination, IPART is required to consider the need to maintain ecologically sustainable development by pricing policies that take account of all feasible options available to protect the environment. Rail use is commonly considered to have beneficial environmental implications, due to the lower level of external costs associated with rail use compared to cars and buses, such as reduced greenhouse gas emissions, noise⁴⁹ and air pollution, road damage, accidents, and congestion.⁵⁰

The external benefits of greater rail use particularly apply to the morning and afternoon peak period when road transport alternatives are subject to congestion and associated pollution. As part of its regulatory framework review, IPART will be engaging a consultant to assist it in determining the appropriate range for the allocation of costs between the government and users taking into account these positive externalities of rail.

⁴⁹ Noise pollution is lower than from buses but higher than from cars on a per kilometre basis (RailCorp proposal 2006, p 42).

⁵⁰ RailCorp’s proposal to the 2006 fare review provides one estimate of the external costs of various transport modes, which indicates that rail use imposes costs of 5.43 cents per car kilometre, compared to the costs of car use of 15.26 cents and bus use of 33.37 cents (RailCorp proposal 2006, p 42).

Ultimately, the environmental benefits of rail use relate principally to the advantages of transferring passenger journeys from other modes (with higher external costs) to rail. With respect to this determination, the modesty of the proposed fare increase (particularly in an environment of rising petrol prices) and the low price elasticities for rail commuters should not encourage the transfer of a significant number of trips away from rail, and therefore should not have any adverse environmental effects.

There is much evidence to suggest that commuter's responsiveness to changes in the relative price of rail and car is low and does not lead to major shifts in commuter's choice of travel mode, at least for moderate changes in relative price. For example, IPART (1996) indicates that a 5 per cent increase in commuter rail fares leads to a 0.075 per cent increase in car travel.⁵¹ This suggests that using train subsidies to target altered behaviour by car commuters may only have a negligible effect, at least in the short term.

⁵¹ Hensher and Raimond, *Estimation of Public Transport Fare Elasticities in the Sydney Region, 1996*, available on the Tribunal's website.



Appendices

A Acting Premier's letter



Premier of New South Wales
Australia

Dr Michael Keating AC
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

11 JUL 2007

Dear Dr Keating

I am writing in relation to the Independent Pricing and Regulatory Tribunal's ("the Tribunal's") standing reference for the determination of CityRail fares.

As you are aware, on 18 May 2004 the former Premier wrote to the Tribunal requiring that specified matters arising from the 2003 *Ministerial Inquiry into Sustainable Transport in New South Wales* be considered by the Tribunal when making its investigations into passenger transport fares.

Given the Tribunal's new reference to review the CityRail regulatory framework, I am writing to clarify that, in respect of the Tribunal's current and future passenger rail fare reviews, the requirement to consider the matters set out in the 18 May 2004 letter does not apply.

I also require, pursuant to section 13(1)(a) of the Act, that the Tribunal provide its report on the current CityRail fare determination to the Premier by 31 October 2007.

If your officers wish to discuss these matters, they should contact Ms Angela Woo, A/Policy Manager, Economic Development Branch, Department of Premier and Cabinet on (02) 9228 4930.

Yours sincerely

A handwritten signature in black ink that reads "John Watkins".

John Watkins MP
Acting Premier

B | IPART Act requirements

B.1 Section 15 requirements

Section 15 of the IPART Act 1992 details the matters to be considered by IPART when making a determination. The section is reproduced in full below.

(15) Matters to be considered by Tribunal under this Act

1. In making determinations and recommendations under this Act, the Tribunal is to have regard to the following matters (in addition to any other matters the Tribunal considers relevant):
 - a) the cost of providing the services concerned,
 - b) the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standard of services,
 - c) the appropriate rate of return on public sector assets, including appropriate payment of dividends to the Government for the benefit of the people of New South Wales,
 - d) the effect on general price inflation over the medium term,
 - e) the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers,
 - f) the need to maintain ecologically sustainable development (within the meaning of section 6 of the Protection of the Environment Administration Act 1991) by appropriate pricing policies that take account of all the feasible options available to protect the environment,
 - g) the impact on pricing policies of borrowing, capital and dividend requirements of the government agency concerned and, in particular, the impact of any need to renew or increase relevant assets,
 - h) the impact on pricing policies of any arrangements that the government agency concerned has entered into for the exercise of its functions by some other person or body,
 - i) the need to promote competition in the supply of the services concerned,
 - j) considerations of demand management (including levels of demand) and least cost planning,
 - k) the social impact of the determinations and recommendations,
 - l) standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise).

2. In any report of a determination or recommendation made by the Tribunal under this Act, the Tribunal must indicate what regard it has had to the matters set out in subsection (1) in reaching that determination or recommendation.
3. To remove any doubt, it is declared that this section does not apply to the Tribunal in the exercise of any of its functions under section 12A.
4. This section does not apply to the Tribunal in the exercise of any of its functions under section 11 (3).

C Submissions to this review

IPART received public submissions from the following organisations and individuals.

C.1 Organisations

1. ITSRR
2. NCOSS
3. Commuter Council
4. Transport Panel Sydney Division of Engineers Australia
5. Older Women's Network
6. Lower Hunter Council's Transport Group
7. Newsagents Association of NSW&ACT
8. Blue Mountains Commuter and Transport Users Association
9. DASC Industry
10. Action for Public Transport
11. Penrith City Council

C.2 Individuals

IPART also received 187 submissions from individuals.

D | Public hearing participants

CityRail – Vince Graham

Action for Public Transport – Alan Miles

NCOSS – Christine Regan

Older Women’s Network – Beth Eldridge

Lower Hunter Council’s Transport Group – Ken Freeston

E Section 15 requirements

Table E.1 shows where the relevant section 15 requirements are addressed within IPART's report.

Table E.1 IPART's considerations of section 15 matters

Section 15	
(a) cost of providing the service	Ch. 3
(b) protection of consumers from abuse of monopoly power	Ch. 7
(c) appropriate rate of return and dividends	NA
(d) effect on general price inflation	Ch. 7
(e) improved efficiency in supply of services	Ch. 3
(f) ecologically sustainable development	Ch. 7
(g) impact on borrowing, capital and dividend requirements	Ch. 7
(h) additional pricing policies	NA
(i) need to promote competition	NA
(j) considerations of demand management	NA
(k) the social impact on customers	Ch. 7
(l) standards of quality, reliability and safety of the services	Ch. 5



Independent Pricing and Regulatory Tribunal

CityRail

Determination No 2, 2007

Reference no. 07/493

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Preliminary

1. Background

- (1) Section 11 of the *Independent Pricing and Regulatory Tribunal Act 1992* (**IPART Act**) provides IPART with a standing reference to conduct investigations and make reports to the Minister on the determination of the pricing for a government monopoly service supplied by a government agency specified in schedule 1 of the IPART Act.
- (2) Rail Corporation New South Wales (**RailCorp**) is listed as a government agency for the purposes of schedule 1 of the IPART Act. The services of RailCorp declared as monopoly services under the *Independent Pricing and Regulatory Tribunal (Passenger Transport Services) Order 1998* (**Order**) are the railway passenger services supplied under the name of “CityRail” by RailCorp excluding the services supplied in accordance with the ticket known as the “SydneyPass” (**Monopoly Services**). Accordingly, IPART may determine the prices for RailCorp’s Monopoly Services.

[Note: The Order applies to RailCorp by operation of clause 122, Schedule 7 of the Transport Administration Act 1988]

- (3) In investigating and reporting on the pricing of RailCorp’s Monopoly Services, IPART has had regard to a broad range of matters, including the criteria set out in section 15(1) of the IPART Act.
- (4) In accordance with section 13A of the IPART Act, IPART has fixed a maximum price for RailCorp’s Monopoly Services or has established a methodology for fixing the maximum price.
- (5) By section 18(2) of the IPART Act, RailCorp may not fix a price below that determined by IPART without the approval of the Treasurer.

2. Application of this determination

- (1) This determination fixes the maximum prices (or sets a methodology for fixing the maximum prices) that RailCorp may charge for the Monopoly Services.
- (2) This determination commences on the later of 11 November 2007 and the date that it is published in the NSW Government Gazette (**Commencement Date**).

- (3) The maximum prices in this determination apply from the Commencement Date until this determination is replaced.

3. Replacement of Determination No 6 of 2006

This determination replaces Determination No. 6 of 2006 from the Commencement Date. The replacement does not affect anything done or omitted to be done, or rights or obligations accrued, under Determination No. 6 of 2006 prior to its replacement.

4. Monitoring

IPART may monitor the performance of RailCorp for the purposes of:

- (a) establishing and reporting on the level of compliance by RailCorp with this determination; and
- (b) preparing a periodic review of pricing policies in respect of the Monopoly Services supplied by RailCorp.

5. Schedule

Schedule 1 and the Tables in that schedule set out the maximum prices that RailCorp may charge for the Monopoly Services.

6. Definitions and Interpretation

Definitions and interpretation provisions used in this determination are set out in Schedule 2.

Schedule 1 Maximum prices

1. Application

This schedule sets the maximum prices that RailCorp may charge for the Monopoly Services.

2. CityRail tickets (other than tickets described in clauses 3 to 6 of this Schedule 1)

The maximum price that may be charged by RailCorp for:

- (a) a rail ticket for a given distance band listed in column 1 of Table 1 is the corresponding price shown in columns 2 to 8 (as applicable) of Table 1;
- (b) the category of Child Off-Peak ticket listed in column 1 of Table 2 is the corresponding price shown in column 2 (as applicable) of Table 2; and
- (c) a TravelPass ticket listed in column 1 of Table 3 is the corresponding price shown in columns 2 to 5 (as applicable) of Table 3.

3. FlexiPass tickets

3.1 The price of a FlexiPass ticket for a given distance band (listed in column 1 of Table 1) must not exceed the price calculated as follows:

$$PN = R * (3.66 + K * x - L * y)$$

where:

PN = FlexiPass ticket price (before rounding off)

R = Weekly ticket price for the relevant distance band

N = Number of days of validity (from 28 to 366)

x = N - 28

$$y = N - 90; \text{ for } N > 90$$

$$0; \text{ for } N \leq 90$$

$$K = 0.12$$

$$L = 0.011$$

- 3.2 The FlexiPass ticket price determined in clause 3.1 above must be rounded off to the nearest whole dollar.
- 3.3 The price of a half fare FlexiPass ticket must not exceed half of the appropriate FlexiPass ticket price as determined in clause 3.1.

4. CityHopper tickets

- 4.1 The price for the category of CityHopper ticket listed in column 1 of Table 4 (when purchased within the CityHopper zone) must not exceed the corresponding price shown in column 2 of Table 4.
- 4.2 The price of a CityHopper ticket (when purchased outside the CityHopper zone) must not exceed the price of the appropriate return ticket (peak or off-peak) (set out in Table 1) for travel to the CityHopper zone plus an additional sum of \$2.20 (for an adult) or \$1.10 (for a child).

5. DayTripper tickets

- 5.1 The price of a DayTripper ticket must not exceed \$16.00.
- 5.2 The price of a DayTripper child ticket must not exceed \$8.00.

6. Link tickets and Intermodal Destination tickets

- 6.1 RailCorp offers tickets comprising of travel partly by means of the Monopoly Services and partly by other means of transport that are not Monopoly Services (including by bus or by ferry) (**Link or Intermodal Destination tickets**), that include but are not limited to:

- (a) Olympic Park tickets;
- (b) BlueMountains ExplorerLink tickets;
- (c) Moore Park tickets;
- (d) Manly tickets; and

(e) Bondi Beach tickets.

6.2 The price of the Monopoly Services component for a Link or Intermodal Destination ticket must not exceed the corresponding price in Table 1 for the appropriate rail ticket for the distance from the station of origin to the Interchange Station (specified for the Link or Intermodal Destination ticket type).

7. New or additional charges

RailCorp must not levy any new or additional charges for the Monopoly Services, other than in accordance with this determination.

Table 1 Maximum prices for CityRail distance based tickets

Distance up to (Km)	Singles (\$)	Half Fare Singles (\$)	Return (\$)	Half Fare Return (\$)	Weekly (\$)	Half Fare Weekly (\$)	Off-Peak Return (\$)
5	2.60	1.30	5.20	2.60	21.00	10.50	3.60
10	3.00	1.50	6.00	3.00	25.00	12.50	4.20
15	3.40	1.70	6.80	3.40	28.00	14.00	4.60
20	3.80	1.90	7.60	3.80	31.00	15.50	5.20
25	4.20	2.10	8.40	4.20	34.00	17.00	5.80
30	4.60	2.30	9.20	4.60	36.00	18.00	6.40
35	4.60	2.30	9.20	4.60	37.00	18.50	6.40
45	5.60	2.80	11.20	5.60	41.00	20.50	7.60
55	6.60	3.30	13.20	6.60	44.00	22.00	9.00
65	7.20	3.60	14.40	7.20	48.00	24.00	10.00
75	8.60	4.30	17.20	8.60	51.00	25.50	11.80
85	9.60	4.80	19.20	9.60	54.00	27.00	13.20
95	10.60	5.30	21.20	10.60	56.00	28.00	14.60
105	11.00	5.50	22.00	11.00	58.00	29.00	15.20
115	12.20	6.10	24.40	12.20	60.00	30.00	16.80
125	13.60	6.80	27.20	13.60	63.00	31.50	18.80
135	13.80	6.90	27.60	13.80	69.00	34.50	19.00
155	15.80	7.90	31.60	15.80	75.00	37.50	22.00
175	18.00	9.00	36.00	18.00	79.00	39.50	25.00
195	22.00	11.00	44.00	22.00	86.00	43.00	30.00
215	22.00	11.00	44.00	22.00	86.00	43.00	30.00
235	26.00	13.00	52.00	26.00	100.00	50.00	36.00
255	26.00	13.00	52.00	26.00	100.00	50.00	36.00
305	30.00	15.00	60.00	30.00	113.00	56.50	41.00
305+	30.00	15.00	60.00	30.00	113.00	56.50	41.00

Table 2 Maximum prices for Child Off-Peak tickets

Tickets	Maximum price (\$)
Sydney Suburban	2.60
Newcastle Suburban	2.60
Outer Metropolitan	3.70
CityRail Network	6.10

Table 3 Maximum prices for TravelPass tickets

Tickets	Weekly (\$)	Quarterly (\$)	Yearly (\$)	Half Fare (\$)
Sydney TravelPass Red	35.00	385.00	1400.00	17.50
Sydney TravelPass Green	43.00	473.00	1720.00	21.50
Sydney TravelPass Yellow	47.00	517.00	1880.00	23.50
Sydney TravelPass Pink	50.00	550.00	2000.00	25.00
Sydney TravelPass Purple	57.00	627.00	2280.00	28.50
Newcastle TravelPass Yellow	47.00	517.00	1880.00	23.50
Newcastle TravelPass Pink	50.00	550.00	2000.00	25.00

[Note: A Quarterly TravelPass = 11 x weekly price and a Yearly TravelPass = 40 x weekly price.]

Table 4 Maximum prices for CityHopper tickets purchased within the CityHopper zone

Tickets	Maximum price (\$)
CityHopper	7.40
CityHopper off-peak	5.20
CityHopper child	3.70
CityHopper child off-peak	2.70

Schedule 2 Definitions and Interpretation

1. Definitions

1.1 General definitions

In this determination:

Commencement Date means the Commencement Date as defined in clause 2(2) of this determination.

IPART means the Independent Pricing and Regulatory Tribunal of New South Wales established under the IPART Act.

IPART Act means the *Independent Pricing and Regulatory Tribunal Act 1992*.

Monopoly Services means the Monopoly Services defined in clause 1(2) of this determination.

RailCorp means Rail Corporation New South Wales defined in clause 1(2) of this determination, constituted under the *Transport Administration Act 1988*.

1.2 CityRail ticket definitions

Categories of tickets not defined in this determination are described in the *CityRail Passenger Fares and Coaching Rates Handbook* made available by RailCorp at www.cityrail.nsw.gov.au.

2. Interpretation

2.1 General provisions

In this determination:

- (a) headings are for convenience only and do not affect the interpretation of this determination;
- (b) a reference to a schedule, annexure, clause or table is a reference to a schedule, annexure, clause or table to this determination;
- (c) words importing the singular include the plural and vice versa;

- (d) a reference to a law or statute includes all amendments or replacements of that law or statute; and
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation, other body corporate or government agency.

2.2 Clarification

IPART may publish a clarification notice in the NSW Government Gazette to correct any manifest error or to clarify any part of this determination as if that clarification notice formed part of this determination.

2.3 Prices inclusive of GST

Prices specified in this determination include GST.



Independent Pricing and Regulatory Tribunal

TravelPass – Bus, Ferry & Train & DayTripper (Sydney Ferries, State Transit Authority)

Determination No 3, 2007

Reference no. 07/493

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Preliminary

1. Background

Sydney Ferries & STA Newcastle Services under the IPART Act

- (1) Section 11 of the *Independent Pricing and Regulatory Tribunal Act 1992* provides IPART with a standing reference to conduct investigations and make reports to the Minister on the determination of the pricing for a government monopoly service supplied by a government agency specified in schedule 1 of the IPART Act.
- (2) In making this determination, IPART has had regard to a broad range of matters, including the criteria set out in section 15(1) of the IPART Act.
- (3) Sydney Ferries (**Sydney Ferries**) is listed as a government agency for the purposes of schedule 1 of the IPART Act. The services of Sydney Ferries declared as monopoly services under the *Independent Pricing and Regulatory Tribunal (Passenger Transport Services) Order 1998 (Order)* are regular passenger services (within the meaning of the *Passenger Transport Act 1990*) excluding the services supplied in accordance with the ticket known as the “SydneyPass” (**Sydney Ferries Monopoly Services**). Accordingly, IPART may determine the prices for the Sydney Ferries Monopoly Services.

[Note: The Order applies to Sydney Ferries by operation of clause 135, Schedule 7 of the *Transport Administration Act 1988*]

- (4) State Transit Authority (the **STA**) is listed as a government agency for the purposes of schedule 1 of the IPART Act. The services of the STA declared as monopoly services under the Order are the regular passenger services (within the meaning of the *Passenger Transport Act 1990*) supplied by the STA but excluding the following:
 - (a) services supplied in accordance with the ticket known as the “SydneyPass”;
 - (b) the bus service known as the “Airport Express”;
 - (c) the bus service known as the “Sydney Explorer”, the bus services known as the “Bondi & Bay Explorer” and any other similar bus services operating in any other areas.

- (5) The declared monopoly services of the STA under clause 1(4) (above) include the services provided by the STA in the Newcastle area to which this determination applies (**STA Newcastle Monopoly Services**).
- (6) Accordingly, IPART may determine the prices for the Sydney Ferries Monopoly Services and the prices for the STA Newcastle Monopoly Services.
- (7) In accordance with section 13A of the IPART Act, IPART has fixed a maximum price for the Sydney Ferries Monopoly Services and for the STA Newcastle Monopoly Services under this determination.
- (8) By section 18(2) of the IPART Act, neither Sydney Ferries nor the STA may fix a price below that determined by IPART without the approval of the Treasurer.

STA Sydney Buses under the Passenger Transport Act

- (9) Section 28J(2) of the *Passenger Transport Act 1990*, permits IPART to conduct investigations and make reports to the Minister on the determination of the maximum fares for Regular Bus Services supplied under a Service Contract. This includes the maximum fares for Regular Bus Services provided by STA Sydney Buses (**STA Sydney Monopoly Services**).
- (10) In making this determination, IPART has had regard to a broad range of matters, including the criteria set out in section 28J(5) of the Passenger Transport Act.

2. Application of this determination

- (1) This determination fixes:
 - (a) the maximum prices for the tickets described in Schedule 1 (and Table 1 to that Schedule) that Sydney Ferries may charge for the Sydney Ferries Monopoly Services;
 - (b) the maximum prices for the tickets described in Schedule 2 (and Table 2 to that Schedule) that the STA may charge for the STA Newcastle Monopoly Services; and
 - (c) the maximum fares for the tickets described in Schedule 3 (and Table 1 to that Schedule) that STA Sydney Buses may charge for the STA Sydney Monopoly Services.
- (2) This determination commences on the later of 11 November 2007 and the date that it is published in the NSW Government Gazette (**Commencement Date**).
- (3) The maximum prices and maximum fares in this determination apply from the Commencement Date until this determination is replaced.

3. Replacement of part of Determinations No's. 10, 11 and 12 of 2006

- (1) From the Commencement Date this determination replaces only:
 - (a) the maximum prices for the five Bus, Ferry and Train TravelPass tickets (Red, Green, Yellow, Pink and Purple) and the DayTripper tickets set out in Table 2, Schedule 1 of Determination No. 10 of 2006 (**Sydney Ferries**);
 - (b) the maximum prices for the two TravelPass – yellow and TravelPass – pink tickets set out in Table 1, Schedule 1 of Determination No. 12 of 2006 (**Newcastle Buses and Ferries Services**); and
 - (c) the maximum fares for the five TravelPass – Bus, Ferry and Train tickets (Red, Green, Yellow, Pink and Purple) and the DayTripper tickets set out in Table 2, Schedule 2 of Determination No. 11 of 2006 (**Sydney Metropolitan Bus Services**).
- (2) Nothing in this determination affects, replaces or amends anything in Determination No's 10, 11 and 12 of 2006 other than those items described in clause 3(1) (above) and those determinations otherwise continue in full force and effect within their terms.
- (3) The replacement described in this clause 3 does not affect anything done or omitted to be done, or rights or obligations accrued, under Determinations No's 10, 11 and 12 of 2006 prior to the replacement of those items described in clause 3(1) (above).

4. Monitoring

IPART may monitor the performance of any of Sydney Ferries, the STA and/or STA Sydney Buses for the purposes of:

- (a) establishing and reporting on the level of compliance by the relevant agency with this determination; and
- (b) preparing a periodic review of pricing policies in respect of the Sydney Ferries Monopoly Services, the STA Newcastle Monopoly Services and/or the STA Sydney Monopoly Services.

5. Definitions and Interpretation

Definitions and interpretation provisions used in this determination are set out in Schedule 4.

Schedule 1 Maximum prices for Bus, Ferry and Train TravelPass tickets and DayTripper tickets charged by Sydney Ferries for Sydney Ferries Monopoly Services

1. Application

This schedule sets the maximum prices for the tickets described in clauses 2 and 3 (below) that Sydney Ferries may charge for the Sydney Ferries Monopoly Services.

2. Bus, Ferry and Train TravelPass tickets (Red, Green, Yellow, Pink and Purple)

The maximum price that may be charged by Sydney Ferries for a ticket in column 1 of Table 1 is the corresponding fare in columns 2 to 5 (as applicable) of Table 1.

3. DayTripper tickets

3.1 The price of a DayTripper ticket must not exceed \$16.00.

3.2 The price of a DayTripper child ticket must not exceed \$8.00.

Table 1 Maximum prices charged by Sydney Ferries for TravelPass – Bus, Ferry and Train

Tickets	Weekly (\$)	Quarterly (\$)	Yearly (\$)	Half Fare (\$)
Red	35.00	385.00	1400.00	17.50
Green	43.00	473.00	1720.00	21.50
Yellow	47.00	517.00	1880.00	23.50
Pink	50.00	550.00	2000.00	25.00
Purple	57.00	627.00	2280.00	28.50

[Note: A Quarterly TravelPass = 11 x weekly price and a Yearly TravelPass = 40 x weekly price. The same multipliers apply to the other TravelPass tickets listed in column 1 of Table 2, Schedule 1 to Determination No. 10, 2006 (Sydney Ferries).]

Schedule 2 Maximum prices for TravelPass tickets charges by the STA for STA Newcastle Monopoly Services

1. Application

This schedule sets the maximum prices for the tickets described in clause 2 (below) that the STA may charge for the STA Newcastle Monopoly Services.

2. TravelPass – Yellow and TravelPass – Pink tickets

The maximum price that may be charged by the STA for a ticket listed in column 1 of Table 2 is the corresponding price in columns 2 to 5 (as applicable) of Table 2.

Table 2 Maximum prices for TravelPass tickets for STA Newcastle Monopoly Services

Tickets	Weekly (\$)	Quarterly (\$)	Yearly (\$)	Half Fare (\$)
Newcastle TravelPass Yellow	47.00	517.00	1880.00	23.50
Newcastle TravelPass Pink	50.00	550.00	2000.00	25.00

Note: As explained in the Note to Table 1, Schedule 1 to Determination No. 12, 2006 (Newcastle Buses and Ferries Services) a Quarterly TravelPass = 11 x weekly fare and a Yearly TravelPass = 40 x weekly fare.]

Schedule 3 Maximum fares for Bus, Ferry and Train TravelPass tickets and DayTripper tickets charged by STA Sydney Buses for STA Sydney Monopoly Services

1. Application

This schedule sets the maximum fares for the tickets described in clauses 2 and 3 (below) that STA Sydney Buses may charge for the STA Sydney Monopoly Services.

2. Bus, Ferry and Train TravelPass tickets (Red, Green, Yellow, Pink and Purple)

The maximum fare that may be charged by STA Sydney Buses for a ticket listed in column 1 of Table 3 is the corresponding fare in columns 2 to 5 (as applicable) of Table 3.

3. DayTripper tickets

3.1 The price of a DayTripper ticket must not exceed \$16.00.

3.2 The price of a DayTripper child ticket must not exceed \$8.00.

Table 3 Maximum fares charged by STA Sydney Buses for TravelPass – Bus, Ferry and Train

Tickets	Weekly (\$)	Quarterly (\$)	Yearly (\$)	Half Fare (\$)
Red	35.00	385.00	1400.00	17.50
Green	43.00	473.00	1720.00	21.50
Yellow	47.00	517.00	1880.00	23.50
Pink	50.00	550.00	2000.00	25.00
Purple	57.00	627.00	2280.00	28.50

[Note: A Quarterly TravelPass = 11 x weekly fare and a Yearly TravelPass = 40 x weekly fare. The same multipliers apply to the TravelPass – Bus and Ferry, Bus only tickets listed in column 1 of Table 2, Schedule 2 to Determination No. 11, 2006 (Sydney Metropolitan Bus Services).]

Schedule 4 Definitions and Interpretation

1. Definitions

1.1 General definitions

In this determination:

Commencement Date means the Commencement Date as defined in clause 2(2) of this determination.

IPART means the Independent Pricing and Regulatory Tribunal of New South Wales established under the IPART Act.

IPART Act means the *Independent Pricing and Regulatory Tribunal Act 1992*.

Passenger Transport Act means the *Passenger Transport Act 1990*.

Regular Bus Service has the meaning given to that term in the Passenger Transport Act.

Service Contract has the meaning given to that expression in section 16 of the Passenger Transport Act and entered into by STA Sydney Buses for the provision of a Regular Bus Service.

STA means the State Transit Authority defined in clause 1(4) of this determination, constituted under the *Transport Administration Act 1988*.

STA Newcastle Monopoly Services is defined in clause 1(5) of this determination.

STA Sydney Buses means the Sydney Buses business owned and operated by the STA.

STA Sydney Monopoly Services is defined in clause 1(9) of this determination.

Sydney Ferries means Sydney Ferries defined in clause 1(3) of this determination, constituted under the *Transport Administration Act 1988*.

Sydney Ferries Monopoly Services is defined in clause 1(3) of this determination.

2. Interpretation

2.1 General provisions

In this determination:

- (a) headings are for convenience only and do not affect the interpretation of this determination;
- (b) a reference to a schedule, annexure, clause or table is a reference to a schedule, annexure, clause or table to this determination;
- (c) words importing the singular include the plural and vice versa;
- (d) a reference to a law or statute includes all amendments or replacements of that law or statute; and
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation, other body corporate or government agency.

2.2 Explanatory Notes

Explanatory notes do not form part of this determination, but in the case of uncertainty may be relied upon for interpretation purposes.

2.3 Clarification

IPART may publish a clarification notice in the NSW Government Gazette to correct any manifest error or to clarify any part of this determination as if that clarification notice formed part of this determination.

2.4 Prices inclusive of GST

Prices specified in this determination include GST.