

FACT SHEET

No change to private ferry fares after mid-year review of fuel costs

June 2014

The Independent Pricing and Regulatory Tribunal of NSW (IPART) conducted a mid-year review of fuel costs for 2014. We found that diesel prices in Sydney have not increased beyond the 10% threshold that triggers a recommended change in private ferry fares. As a result, we do not recommend a mid-year fare change this year.

This decision relates to the 7 private ferry operators who operate regular passenger ferry services under contract to Transport for NSW. It does not relate to the private operator of Sydney Ferries services or to the Stockton Ferry service, which is operated by Newcastle Buses and Ferries.

This fact sheet sets out the background to the mid-year fuel review and our analysis of the change in fuel costs in the 6 months since we concluded our review of private ferry fares.

Background


IPART investigates and recommends fares for private ferry services in NSW every year under an arrangement with Transport for NSW.

We calculate our fare recommendations for private ferry services using 2 cost indices:

- ▼ the slow ferry cost index – for ferry services running at a speed of less than 10 knots
- ▼ the fast ferry cost index – for ferry services running at a speed of between 18 and 20 knots.

Diesel fuel is a cost item included in both indices. However, it represents a different proportion (15.2%) of the total costs for fast ferries compared to the proportion (11.3%) of the total costs for slow ferries.¹

¹ IPART, *Review of maximum fares for private ferry services and the Stockton ferry service for 2014 – Final Report*, December 2013, p 14.



In response to industry's concerns regarding the volatility of fuel prices and its effect on the costs of operating ferry services we have been conducting a mid-year review of fuel costs for fast ferries since 2009.² Following a review and reweighting of the cost indices in 2013, we have now extended the mid-year review of fuel costs to slow ferries as well.³

If the average daily diesel price is found to have increased or decreased by more than 10% compared to the average daily diesel price used to adjust the ferry cost indices in the previous review, we will recommend a mid-year fare change for ferries.⁴

Changes in fuel costs since September 2013

The average diesel price for the 12 months to September 2013 was 106.1 cents per litre. This average is based on daily average Sydney retail prices supplied by FUELtrac, excluding GST and excise duty.

The average diesel price for the 6 months to 31 March 2014 was 114.8 cents per litre (excluding GST and excise duty). This represents an increase in fuel prices of 8.1% from the average price of the previous year.

As diesel prices have not changed by more than 10%, we do not recommend a mid-year fare change.

² IPART, *Review of fares for private ferry services and the Stockton ferry service for 2009*, November 2008.

³ IPART, *Review of maximum fares for private ferry services and the Stockton ferry service for 2014*, December 2013, p 5.

⁴ IPART, *Review of fares for private ferry services and the Stockton ferry service for 2009*, November 2008.