

# FACT SHEET

## Review of fares for Sydney Ferries' services from January 2013

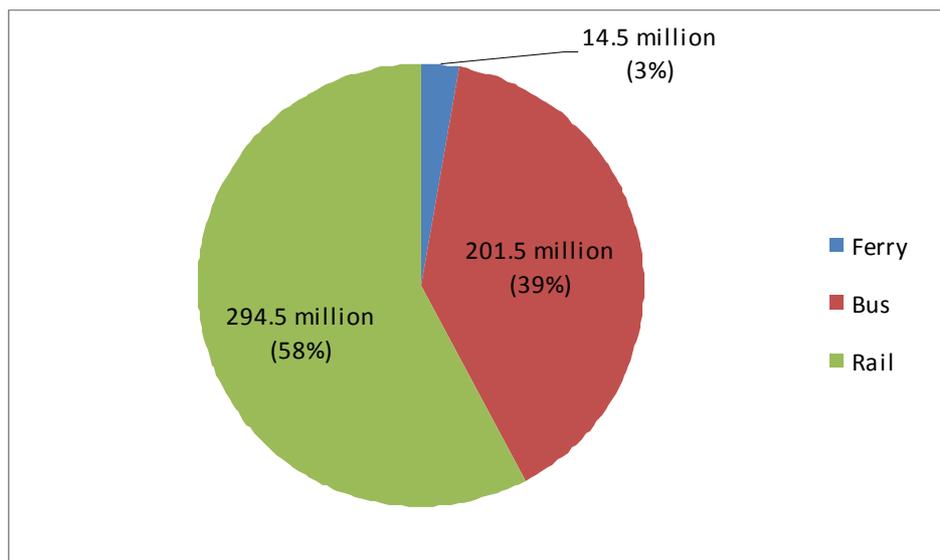
February 2012

The *Passenger Transport Act 1990* requires that IPART investigate and report on appropriate maximum fares for Sydney Ferries' services in NSW. We do not review the discount applied to pensioner or other concession tickets. Our fare review will determine the maximum fares that will apply for Sydney Ferries services from January 2013.

### 1 Overview of Sydney Ferries services

Sydney Ferries provides ferry services to over 14 million passengers per year along 8 routes, servicing 40 destinations. It operates and maintains a fleet of 28 vessels at an annual cost of around \$120 million.<sup>1</sup> Sydney Ferries' services provide a small proportion (3%) of public transport in the Sydney metropolitan area (see Figure 1.1).

**Figure 1.1 Public transport passenger journeys in 2010/11**



**Data source:** Sydney Ferries, *Annual Report 2010/11*; RailCorp, *Annual Report 2010/11*; Transport for NSW, *Annual Report 2010/11*.

<sup>1</sup> See Sydney Ferries, *Annual Report 2009/10* and *2010/11*.

Ferry services are provided under a contract between Sydney Ferries and Transport for NSW. The NSW Government maintains control over routes, safety and staffing obligations and receives farebox revenue. IPART sets the maximum fares that may be charged for ferry tickets.

The Government has announced that it will franchise Sydney Ferries' operations by the end of 2012.<sup>2</sup> Under the new franchising contract the Government will retain ownership of Sydney Ferries, with a private operator leasing, maintaining and operating the fleet. The Government will maintain control over routes and safety and staffing obligations; IPART will continue to set maximum fares.

In addition, an electronic ticket (the Opal card) for public transport in the greater Sydney region will be introduced.<sup>3</sup> It is expected that the Opal card will be available for use on Sydney Ferries' services at the end of 2012. As part of introducing the Opal card, the Government will make decisions on the number of tickets offered, frequency discounts, how the level of electronic fares compares to paper fares and policies for concessions and seniors.

Our fare review will set maximum fares for the following tickets (both 'paper' and 'electronic'):

- ▼ Single tickets - MyFerry 1 (0-9km: all destinations except those covered by MyFerry 2) and MyFerry 2 (9km plus: Kissing Point, Meadowbank, Rydalmere/Sydney Olympic Park, Parramatta and Manly).
- ▼ TravelTens - MyFerry 1 and MyFerry 2.

Other ticket types that may be used for ferry travel are the time-based MyMulti multi-mode passes. The maximum fares for these tickets will be set as part of our CityRail determination, which will also occur in 2012.

The timetable for our review is outlined in Table 1.1 below.

**Table 1.1 Timetable for the review**

Action	By
Release issues paper, consultants' reports and invite submissions	February 2012
Receive public submissions on issues paper and consultants' reports	2 April 2012
Release draft report and determination, and invite submissions	August 2012
Hold public roundtable discussion	September 2012
Receive public submissions on draft report and determination	October 2012
Provide final report and fare determination	November 2012

<sup>2</sup> See <http://www.transport.nsw.gov.au/media-releases/call-expressions-interest-run-sydney>.

<sup>3</sup> See <http://www.transport.nsw.gov.au/media-releases/opal-gem-public-transport-0>.

## 2 What factors do we consider when making decisions?

We are required to consider the factors set out in section 16AE of the *Passenger Transport Act 1990* and set fares in a way that achieves an appropriate balance between these considerations. The matters we must consider include:

- 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 standards of service,
- c. the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers,
- d. 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 of the feasible options to protect the environment,
- e. the social impact of the determination,
- f. standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise) and any suggested or actual changes to those standards,
- g. contractual arrangements prevailing in the industry,
- h. such other matters as the Tribunal considers relevant.

## 3 How will IPART decide on maximum fares?

In deciding on maximum fares for Sydney Ferries' services we will consider:

- ▼ Sydney Ferries' efficient level of costs. Our review will obtain a clear picture of the costs of running Sydney Ferries' services and whether current costs are efficient. Work undertaken for us indicates that there is scope for Sydney Ferries to reduce its costs by up to 24% by 2015/16 for existing services.<sup>4</sup> Neither passengers nor taxpayers should be asked to fund inefficient costs.

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<sup>4</sup> See L.E.K. Consulting, *Sydney Ferries Cost Review*, 13 January 2011 on the IPART [website](#).

- ▼ What portion of Sydney Ferries' efficient costs should be paid by passengers and by taxpayers. Public transport services generate benefits for the community at large - not just the people that travel on them - mainly through a reduction in the number of people using cars. Train and bus travel in Sydney results in significant reductions in people using cars and justifies taxpayers contributing at least half of the efficient costs of providing these services. In the case of Sydney Ferries, our analysis indicates the size of these benefits is small. Despite the small value of these benefits, taxpayers currently contribute around 60% of the costs of providing ferry services.<sup>5</sup>
- ▼ Consider appropriate ferry fares given the introduction of Sydney's electronic ticket (the Opal).

## 4 How can consumers get involved in this review?

We have released an Issues Paper which provides further details on how we establish efficient costs, and how we determine that passengers make a fair contribution to the costs of providing Sydney Ferry services. The Issues Paper is available on our [website](#).

We invite written comment on our Issues Paper and encourage all interested parties to provide submissions addressing the list of issues for comment. Submissions are due by 2nd April 2012. You can email your submission to us at [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au) or post it to:

### **Review of fares for Sydney Ferries' services from January 2013**

Independent Pricing and Regulatory Tribunal

PO Box Q290

QVB Post Office NSW 1230

If you would like further information on making a submission, IPART's submission policy is available on our [website](#).

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<sup>5</sup> See Chapter 5 of IPART, *Review of fares for Sydney Ferries' services from January 2013-Issues Paper*, February 2012 on the IPART [website](#).