



Independent Pricing and Regulatory Tribunal
New South Wales

MAXIMUM OPAL FARES 2020—2024



Final Report

February 2020

IPART has determined maximum

Opal fares

2020–2024

Sydney's public transport network is expanding with new metro and light rail services, as well as additional bus and rail services. Both passengers and the broader community will benefit as services become more convenient, comfortable and faster, and the city functions more efficiently. But costs are also rising.

We consulted with the community on how to balance the contribution passengers make to these costs through fares and taxation funding. We want to ensure that fares are affordable to encourage people to use public transport – which also benefits the broader community – while also ensuring that the public transport network is sustainable over the long term. After considering feedback on our draft recommendations and conducting further analysis, this report affirms our draft recommendations and our decision on the maximum single Opal fares that can be charged by Transport for NSW.

By making some fare changes now and taking advantage of improvements in technology, our determination provides the NSW Government with the opportunity to make changes that will benefit both passengers and the broader community into the future.

Higher single Opal fares



We have determined maximum single Opal fares for the next four years, which would allow the NSW Government to increase the Opal fare for a single journey by an average of 5% each year. Because single fares have increased by less than half the rate of inflation over the past 10 years, our recommendation would bring these fares back in line with 2009 levels by 2024.

New fare options



We are also recommending that additional fare options are offered to customers through the new Opal Connect Platform. We recommend that Transport for NSW develops a set of Opal Connect passes in consultation with customers with different travel patterns, to ensure that customers have a choice of options that offer them value.

Greater access for low income passengers



Currently concession holders receive 50% discounts, and seniors also have access to a \$2.50 daily cap. We recommend that lower fare options are also available for healthcare card holders to ensure that public transport is accessible by the most vulnerable in our community.

We also recommend that custom Opal cards are provided to community organisations to assist the most vulnerable people in the community by allowing them to travel for free. Transport for NSW should work with these organisations to develop these passes.

Recommended Opal Connect Passes



We recommend that Transport for NSW use the Opal Connect platform to deliver targeted discounts to ensure affordable options for regular users, and new benefits, such as off-peak fares for bus and light rail users.

Unlike the Opal card, the technology used for Opal Connect is not limited in the number of fare options that can be provided. Offering new products through Opal Connect would mean that the existing features of the Opal card that are valued by customers, such as daily and weekly caps, the travel reward, and the transfer rebate, could remain in place. Changes will need to be made to the Opal Connect platform, and as a result, these passes are unlikely to be available immediately.

Discounts for more passengers



We are recommending that new discounts are introduced for passengers travelling 3-4 days a week. These targeted discounts would reduce the impact of any increase in single fares on regular users.

More off-peak fares



There are currently off-peak fares for trains. We recommend that options are provided through Opal Connect passes that would include off-peak fares for bus and light rail. This would mean that some passengers would pay less by continuing to travel in the off-peak or shifting their travel to off-peak times. Encouraging some passengers to travel outside the peak would help reduce infrastructure costs over the long term.

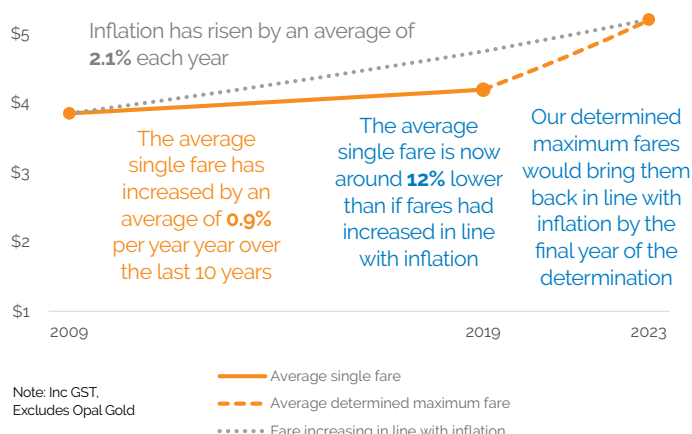
More integrated fares



Some customers would also be better off as a result of more integrated fares. We are recommending that passes are offered where the price of a journey is the same, regardless of whether a bus, train, or light rail is used. Removing any price barrier to customers making their journeys with the most convenient combination of modes should encourage public transport to be delivered efficiently as a network.

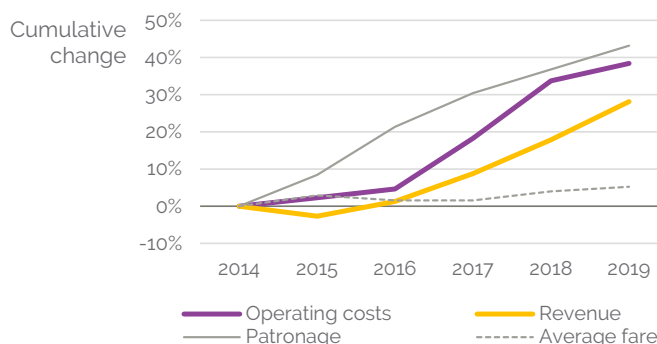
Fare increases have been less than inflation

The average fare for a single journey has increased by less than half the rate of CPI over the last 10 years.



Costs have also risen much faster than fares

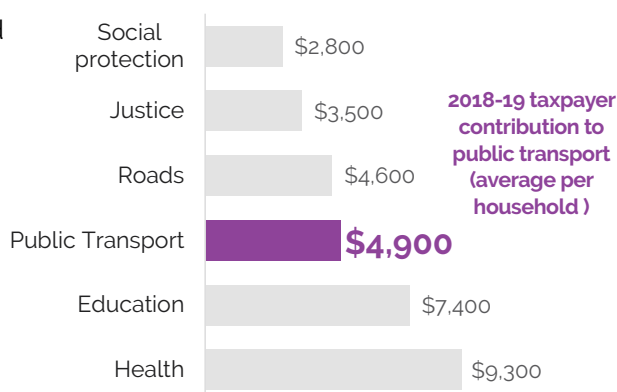
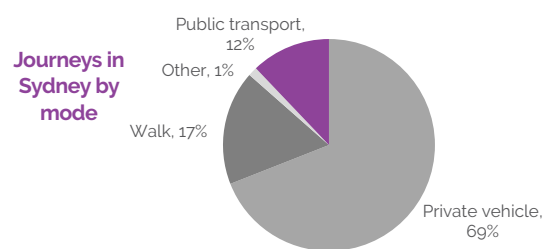
Sydney's public transport network is expanding. As more new infrastructure is built, the costs of operating the network is also rising. Over the last five years operating costs have risen by an average of around 7% per year. This is higher than the change in revenue which has been driven by large increases in patronage, rather than fares.



Public transport is mainly funded by taxpayers

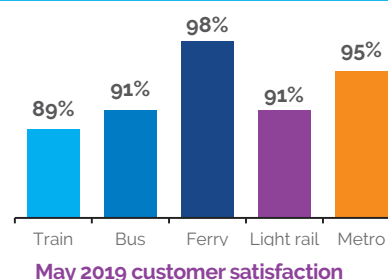
As a result, fares continue to only recover around a quarter of the costs of public transport. NSW taxpayers pay the rest, even though around 12% of journeys in Sydney are made on public transport. This is equivalent to \$4,900 per NSW household in 2018-19 (the third highest expense after health and education).

Funding public transport through a mix of taxation and passenger fares is the norm in most cities across the world. It recognises the significant benefits of public transport for the community. As more services are added, traffic congestion and pollution will be lower than it otherwise would be.



Service quality is improving

Customers will also benefit from the additional investment as services become more convenient, comfortable and faster. Customer satisfaction sits at around 90% or more across all transport modes and has increased in the last year.



IPART's role

IPART sets maximum public transport fares under the **Passenger Transport Act** when we receive a [request](#) from the NSW Government

We have determined maximum fares for single trips

for all services where an Opal card can be used, and are operated under a passenger service contract or bus service contract with Transport for NSW (TfNSW).

We have also made recommendations

for the NSW Government on how to improve other aspects of public transport pricing.

The NSW Government has the flexibility to implement a set of fares and discounts (including daily and weekly caps) below IPART's maximums. Typically the NSW Government sets fares below our maximum fares.

What services are covered by this review?



Train services operated by Sydney Trains, NSW Trains and Sydney Metro.

Bus services operated under a Sydney Metropolitan Bus Service Contract with TfNSW or an Outer Sydney Metropolitan Bus Service Contract with TfNSW, and bus services operated by Newcastle Transport.

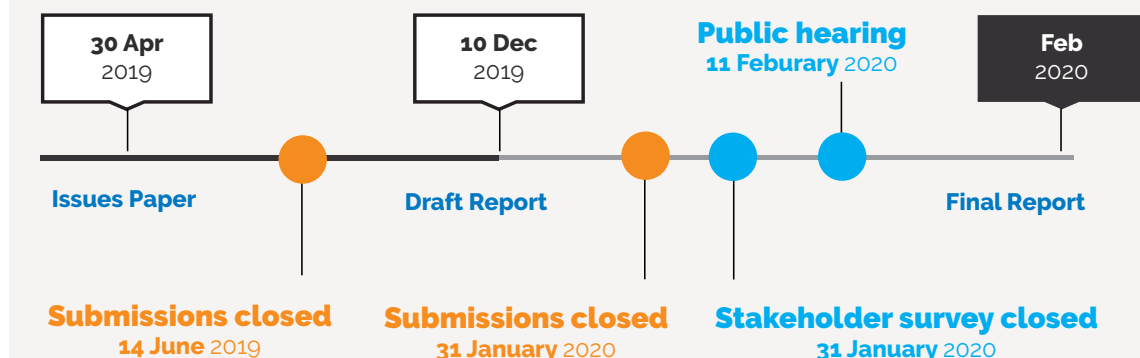
Light rail services operated by Sydney Light Rail (including Inner West and CBD and South East light rail) and Newcastle Transport, and light rail services in Parramatta.

Ferry services operated by Sydney Ferries and Newcastle Transport.

On demand services in metro and outer metropolitan areas operated under the authority of a passenger service contract with TfNSW.



We conduct a public review which involves consulting with the community at various stages.



Our approach to this review

We sought community feedback

We sought feedback from stakeholders on how Opal could be improved. Stakeholders had a wide range of views, so we focused on the most common themes:



Off-peak fares for modes other than train



Lower fares for shorter distances



Aligning fares between modes



Passes for frequent users



Greater access to concessions

We assessed stakeholders' ideas against the factors in the legislation and terms of reference

These are summarised in the objectives below

See Appendix A for more information

Do the fares encourage people to use public transport?

Are they affordable for public transport passengers?



Do they maximise the benefits of public transport use to the community

Do the fares deliver a financially sustainable network?

Are they predictable and stable over time?

How we assessed fare options

1

We developed fare options that would continue to be affordable for different types of passengers and improve the financial sustainability of the public transport network.

2

We then modelled what would happen to fare revenue, costs, and community benefits if those fares were in place.

There are trade-offs between these objectives — not all options will meet the objectives to the same degree

Our findings

Public transport use



Around 12% of all trips in Sydney are made using public transport. Passengers make their travel decisions based on where they want to travel to, the public transport routes available to them, travel times, frequency and reliability of the services, as well as price.



Introducing off-peak fares for light rail and bus services should increase the number of trips outside the peak and encourage some passengers to change their time of travel.

+5%

We expect that public transport use will continue to grow by around 5% per year over the next four years.



Providing periodical travel passes, which provide regular users with discounts or unlimited travel, encourages passengers to use more public transport.



Integrated fares should also encourage more public transport use as passengers can use different modes to get to their destination the fastest without being penalised for switching modes.

Benefits of public transport to the community

We considered how the community benefits would change under a range of fare changes. We found that small changes to fares would not make much of a difference to the level of community benefits, but large increases in fares could result in worsening congestion.



If passengers were asked to pay **significantly more** than current fares, **road congestion would be noticeably worse** in some areas – for example, doubling public transport fares for single journeys, could add about 10 minutes to a commute on Parramatta Road in the morning peak.



If fares were **significantly lower**, or even free, the cost to the community is likely to outweigh the benefits, as **traffic congestion does not continue to fall at the same rate** as fares are reduced.

Doubling fare likely to add

10 mins

to travel the last 6 km on
Parramatta Rd in the AM peak



20 km

Public
Transport
Journey

=

\$10

Community
Benefits

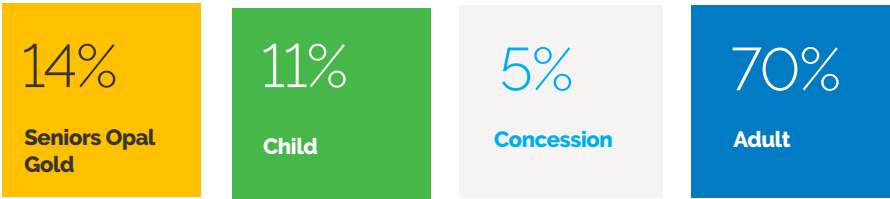
When a person who travels 20 km on a train or a bus instead of driving, they provide a benefit to the community of around \$10 a trip – mostly from avoided road congestion.

Public transport services are subsidised by taxpayers to recognise these benefits.

Affordability

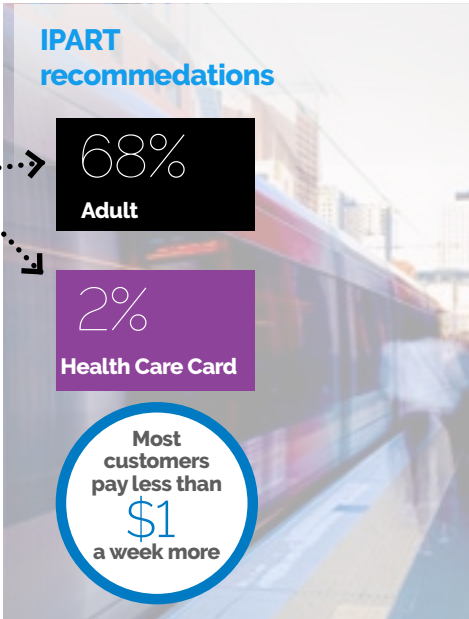
Access to transport at an affordable price is a necessary part of a well-functioning society. 30% of Opal card users have access to half price fares, including seniors and children. Seniors also have a \$2.50 daily cap. Around 5% of passengers have a concession Opal card – they are eligible because they are low-income passengers (people with access to the full rate of Centrelink benefits, or who are in full time study or apprenticeship). Concession customers receive half price fares.

We are recommending that passengers who hold a Commonwealth Health Care Card are also eligible for discounted fares to ensure vulnerable customers can participate in the community. This would provide discounts to an additional 2% of passengers.



Proportion of Opal cards used in a typical week. The number of adult cards might be higher than the number of adult users if they have more than one card. This would mean that the proportion of other users would be slightly understated.

Under our recommendations, single fares would rise by an average of 5% each year, or around 30 cents a journey for an Adult Opal card user. We are also recommending that new Opal passes are offered that would provide discounts for more customers – regular passengers travelling 3-4 days a week. We have modelled some example passes that would mean almost all passengers would pay less than \$2 extra over a week, with three quarters of passengers paying less than \$1 more. These impacts would be halved for concession passengers.



Average price change by days travelled	1-2 days	3 days	4 days	5 days
The impact on customers is smaller for passengers travelling more than two days a week (assuming 2 trips per day, based on adult journeys)	+5%	+3%	+2%	+3%



As the Government expands the network, the cost of providing public transport rises. In addition to the direct cost of expansion, every new service costs taxpayers extra money to operate over its lifetime because fares only cover some of the cost.

Financial sustainability

Currently fares recover around a quarter of the costs of providing public transport. Patronage is increasing at a record rate, which will drive additional costs, but also increase revenue over the next four years.

Our determination also provides the opportunity to increase revenue and help deliver a financially sustainable public transport network. Compared to increasing fares in line with CPI, combining our maximum fares with new Opal Connect passes would increase revenue by an extra \$120 million over the next four years,

Implementing Opal Connect passes that offer discount off peak fares and integrated fares would improve the use of the existing transport network while at the same time ensuring fares remain affordable.



Higher single Opal fares

Under our maximum Opal fares, the single fare for full paying passengers would increase by around 30 cents each year, or \$120 more over two return journeys made in a week.

Our maximum fares ensure that using public transport remains affordable for passengers while making sure the public transport network is financially sustainable.

5%

We have determined maximum single fares that increase by an average of 5% each year



Metro and train fares

Distance	Current 2019	Maximum fare 2024	Annual change
0 - 10 km	\$3.61	\$4.40	\$0.20
10 - 20 km	\$4.48	\$5.40	\$0.23
20 - 35 km	\$5.15	\$6.30	\$0.29
35 - 65	\$6.89	\$8.30	\$0.35
65+ km	\$8.86	\$10.70	\$0.46



Ferry fares

Distance	Current 2019	Maximum fare 2024	Annual change
0 - 9 km	\$6.12	\$7.40	\$0.32
9+ km	\$7.65	\$9.20	\$0.39
Newcastle/Stockton ferry	\$2.24	\$3.20	\$0.24



The maximum fares also apply to **on-demand services** provided under contract with the NSW Government.

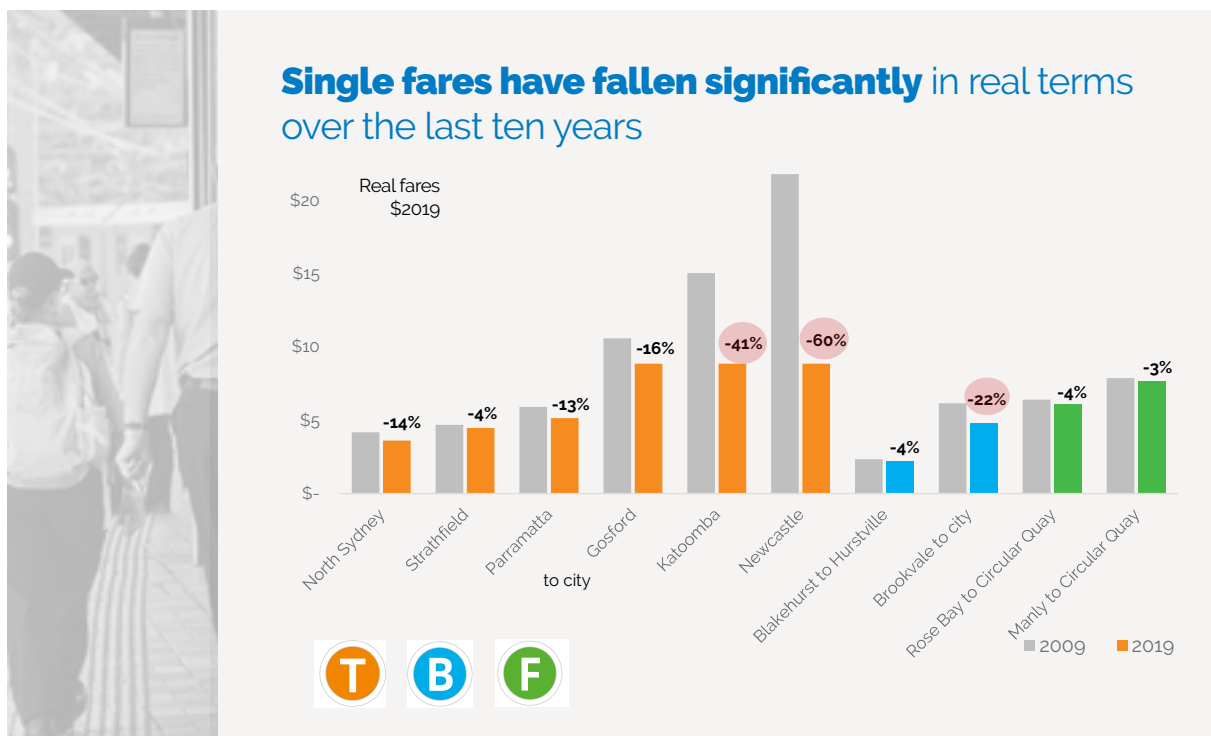


Bus and light rail fares

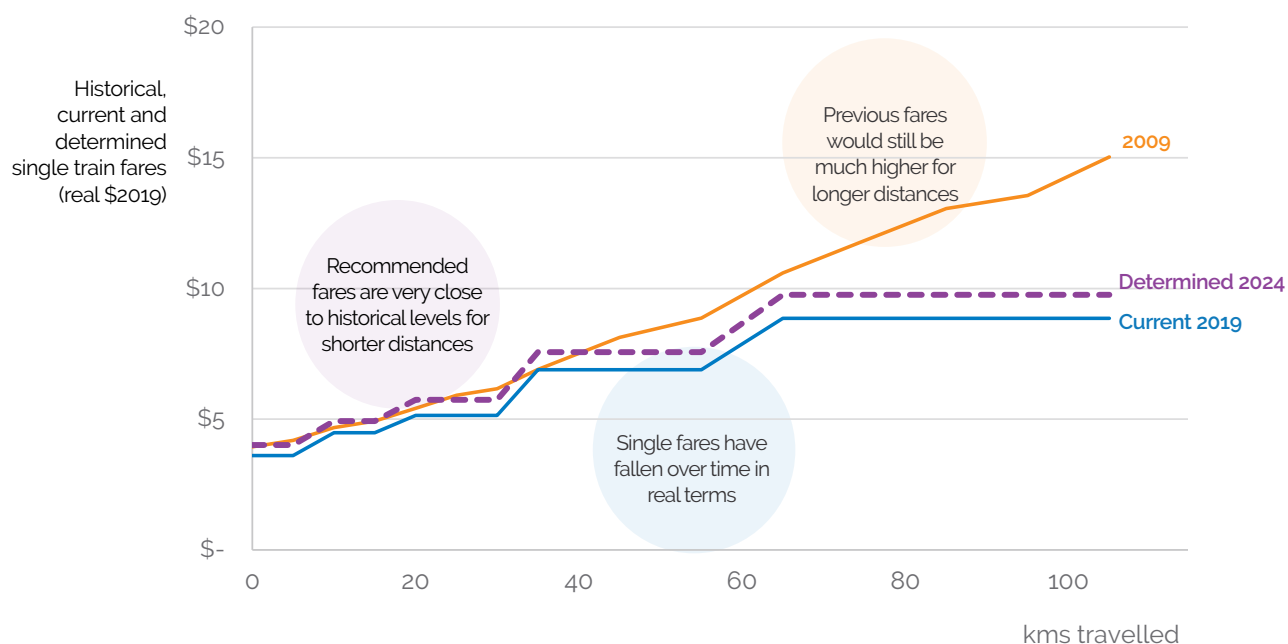
Distance	Current 2019	Maximum fare 2024	Annual change
0 - 3 km	\$2.24	\$3.20	\$0.24
3 - 8 km	\$3.73	\$4.60	\$0.22
8 - 20 km	\$4.80	\$6.00	\$0.30
20 - 35 km	\$4.80	\$6.40	\$0.40
35 - 65*		\$8.30	
65+ km*		\$10.70	

* Light rail only

The shortest bus fare has increased by more than 5% to allow for bus fares to be aligned with train fares and to allow for off-peak discounts to be introduced in Opal connect passes.



Our recommended single fares would put single fares back in line with what customers were paying a decade ago for journeys up to 40 km



Note: The determined fares in 2024 have been adjusted in this chart to put them into today's dollars.

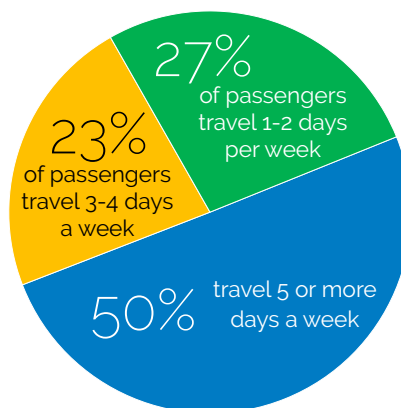
Data sources and calculations in this report can be found in the excel workbook on our Opal fare review web page at www.ipart.nsw.gov.au





More discounts for regular passengers

Many regular users currently do not get discounts. We are recommending discount passes for people who travel **3 to 4** days a week. This would benefit people such as part time workers.



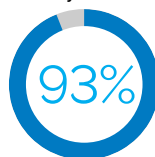
There are already several discounts in place to make travel for regular passengers affordable, but most of these are received by **heavy transport users**, travelling five days a week



Current discounts

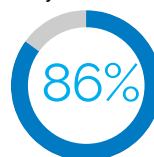
50%
discount off the fare once 8 trips have been made

Of the **28%** of customers receiving frequency discounts, **93%** travel at least 5 days a week



\$50
weekly cap

Of the **4%** of customers receiving the weekly cap, **86%** travel at least 5 days a week



Excludes child and Gold Opal cards



As noted in submissions, many passengers travelling less than five days a week are casual and part-time workers. They would benefit from a targeted product for 3 to 4 days of travel.



In response to our Issues Paper, many stakeholders told us that they wanted additional discounted products like weekly passes. They submitted that weekly passes that are paid for upfront would provide a greater incentive to use the public transport network. We agree that the purchase of a pass encourages people to use public transport more to get the most value from the product.

However, we received some feedback on our Draft Report suggesting that the additional complexity from doing this would outweigh the benefits. Some stakeholders felt that the main advantage of the current Opal system is its simplicity and that offering passes would make the system unnecessarily complex. For that reason we are not recommending any changes to the current Opal system. Instead we are recommending that additional products are provided through a different fare platform - Opal Connect - for people that would value them.



I would suggest that people should be able to pre-purchase monthly unlimited public transport passes and apply them to an OPAL card. These could function similarly to the old MyMulti monthly, quarterly and yearly passes with different levels providing different public transport certainty. When compared to current weekly caps, they would provide:

- ▼ More flexibility and incentives for regular public transport users who do not use the full weekly cap, but would benefit from, say, unlimited bus trips.
- ▼ More certainty for people to know how much they will pay each week on public transport by these prices being fixed
- ▼ Incentives for people to catch public transport in non-peak times and for extended periods of time
- ▼ Possible financial benefits for the government from users who travel less on public transport

E Ryan



I note that there are suggestions to go back to My Multi type weekly, monthly etc type tickets under Opal. I think this would be a step back. The current Opal fare system is a very simple one which should not be complicated by these options.

I believe that those who suggest this do not understand the complications this will raise in Opal. On the other hand the integration of bus and light rail fares is fully supported as it will be a further step simplifying the system.

Anonymous submission



We recommend that the NSW Government provides passengers greater choice of public transport passes that take advantage of new technology using the recently established Opal Connect account-based ticketing system.

Transport for NSW should consult with passengers about the types of passes that could be offered. The passes should be easy for customers to compare so they can work out which option provides the most value for their travel patterns.



Different passes should be tailored to different types of passengers to meet their travel patterns and budgets.

Example of possible new offerings under Opal Connect (Adult fares)

	Distance	Pay as you go fare	Discounted fare
		2024	2024
\$20 a month and pay discount fares for all trips	0 - 10 km	\$4.40	\$3.35
	10 - 20 km	\$5.40	\$4.35
	20 - 35 km	\$6.30	\$5.10
	35 - 65	\$8.30	\$7.00
	65+ km	\$10.70	\$8.65
\$125 for 25 trips up to 20 km 60 day expiry			
\$10 a month and pay discount fares in the off-peak			
\$20 weekend pass unlimited weekend travel kids travel free			

These are the types of discounts that could be available under Opal Connect

How would these fares compare?

Distance	Current 8 x single journeys 2019	8 x single journeys 2024	Price increase	\$20 pass + discounted fares 2024	Price increase
0 - 10 km	\$28.88	\$35.20	5.1%	\$31.80	2.4%
10 - 20 km	\$35.84	\$43.20	4.8%	\$39.80	2.7%

In this example, the best option for a short-distance passenger travelling 4 days making 8 trips would be a \$20 pass with access to discount fares

We are not recommending any changes to the current Opal system – people who benefit from the current discounts and caps would continue to have access to them.

Opal Connect Passes should be available to Concession users at a 50% discount

We are also recommending that **healthcare card holders** are able to access lower fares. The NSW Government could extend the eligibility of concession cards to these passengers, so that they also receive 50% discounts. Alternatively, the Government could provide access to Opal Connect discounted fares, without requiring healthcare card holders to pay an upfront weekly or monthly amount.



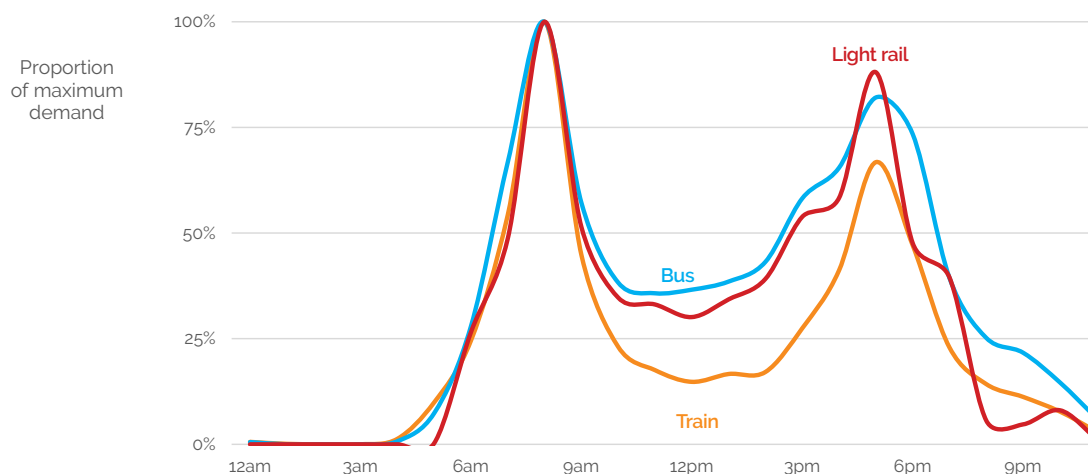
Off-peak fares for bus and light rail

We are recommending introducing off-peak fare options to buses and light rail through Opal Connect

Currently trains have off-peak fares, with passengers paying 30% less for travelling in the off-peak.

Like trains, the bus and light rail services reach their highest levels of demand on weekday mornings and some of these services are very crowded. Demand peaks again at around 80% of the morning levels at 4 pm to 5 pm.

We know that not all passengers can shift their travel times, but by offering off-peak discounts to light rail and bus services passengers, we would expect that some people would respond by moving their travel times to the off-peak.



Demand for bus, light rail, and train peaks at around the same time. We recommend that the same peak times apply across modes.

Peak times: Mon-Fri
7 to 9 am
4:00 to 6:30 pm
Off-peak fares apply at all other times



If some passengers shift their travel time to the off-peak, fewer additional services would be required over the long term, resulting in significant savings.

While off-peak train fares are currently offered through the Opal card, we are recommending that any new discounts, including additional off-peak fares, are offered through the Opal Connect passes. Unlike the Opal card, the technology used for Opal Connect is not limited in the number of fare options that can be provided. Offering new products through Opal Connect would mean that the existing features of the Opal card that are valued by customers, such as daily and weekly caps, the travel reward, and the transfer rebate, could remain in place. Opal Connect is also much more flexible, which would make it much easier for the Government to trial different options, such as different levels of discounts for off-peak travel.

Most stakeholders, including Bus NSW, and the Regional Rail Action NSW, supported introducing off-peak fares to bus and light rail.



Other road users significantly benefit by spreading out bus usage throughout the day. This is because the additional buses [in the peak] contribute to traffic and make the roads slower for all users. Additional busses and traffic increase the chances of delays and make the service less reliable and appealing.

Because bus users are less likely to commute to work their travel is potentially *more* not less flexible than [train] users and so they would be more able to change travel times if incentives existed (e.g. it is much easier to slightly delay a trip to the shops or social gathering than work start time).

E Ryan

30%

Some stakeholders submitted that the difference between peak and off-peak fares should be higher to provide a stronger incentive for passengers to travel in the off-peak.

We have modelled an off-peak discount for bus and light rail of 30% to align it with the current discount for train trips. We would support the NSW Government trialling other discount levels to better understand passengers' response.

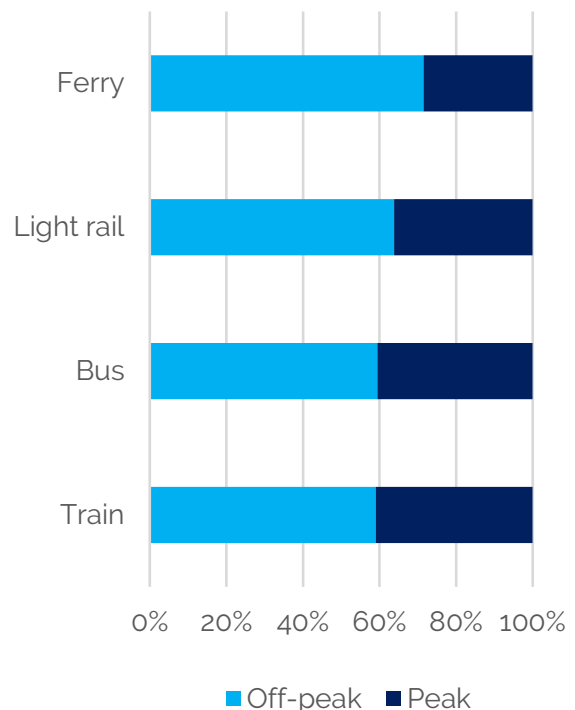
Off-peak fares for bus and light rail would have a revenue impact

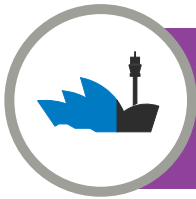
Lower off-peak fares would encourage some customers to travel in the off-peak instead of the peak. It would also encourage new journeys to be taken that wouldn't otherwise be made, as passengers are more price sensitive outside the peak.

However, even with these additional journeys, reducing off-peak fares by 30% would have a revenue impact. We estimate that introducing off peak fares would reduce total revenue from bus and light rail by around 4%, because around 60% of all bus and light rail trips occur in off-peak periods.

The NSW Government could offset revenue through the design of the Opal Connect Passes. For example, it could provide a pass with a \$10 monthly fee (\$2.50 a week) that would provide discounts in the off-peak. This would mean that a large number of passengers are better off, but the impact on revenue would be halved.

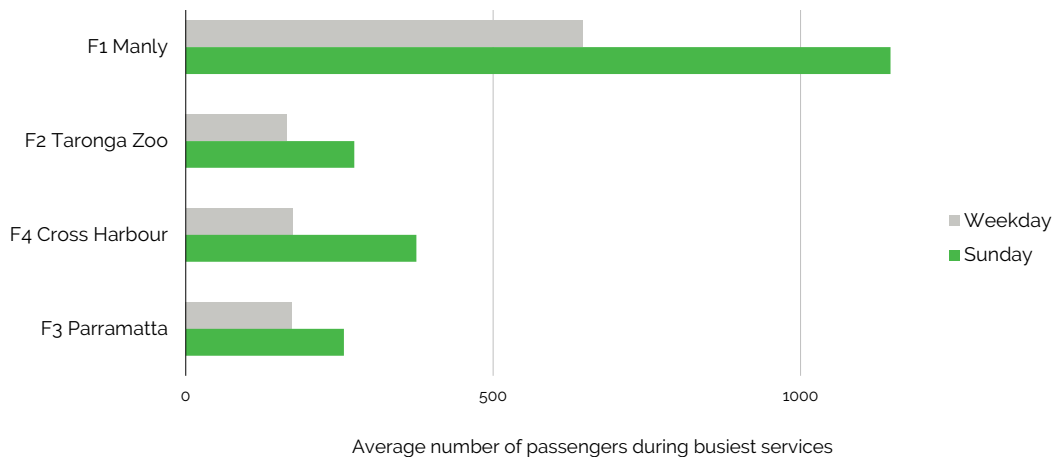
Other passes to encourage people in the off-peak could be provided under Opal Connect. For example, passengers could pay a monthly amount for unlimited travel on all off-peak bus, light rail, and rail services.





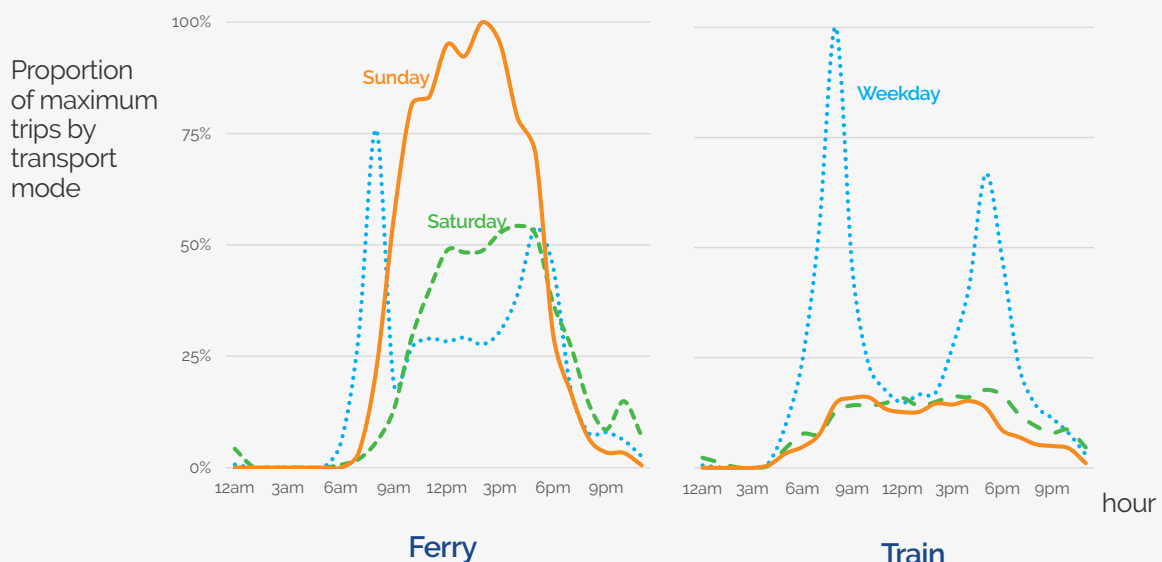
We are not recommending off-peak fares on ferries as ferries are not crowded during the commuter peaks. We support spreading demand on ferries more evenly across Saturday and Sunday through pricing.

► **There are around 40% less passengers on the busiest week day services compared to the Sunday services**



► **Ferry demand peaks on a Sunday — which is off-peak for other modes**

Much of this demand is travel for leisure, rather than necessity



Rather than having a very low cap for Sunday travel we recommend that the NSW Government increase the cap and apply it to both Saturday and Sunday. This would help manage demand across both days. We have previously recommended that the daily cap for weekend travel be \$7.60, which would make travel more affordable on a Saturday. The NSW Government could also introduce weekend travel passes under Opal Connect that provide passengers more choice.



More integrated fares

Fares are currently different for train, bus and ferry. Light rail fares are equal to bus fares.

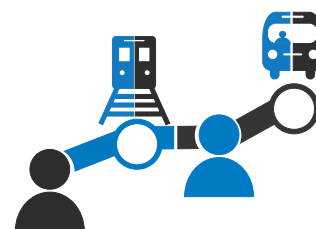


Customers receive a \$2 rebate when switching modes to make a single journey.

We are recommending an Opal Connect travel pass with integrated fares so that passengers pay the same regardless if they travel on train, bus, or light rail.

The transport network in Sydney is becoming increasingly integrated. From December 2019, a new light rail opened in the Sydney CBD, which interchanges with all modes of transport.

If off-peak fares are offered on bus and light rail, fares could be aligned between rail, light rail, and bus, removing any price penalty for changing modes. This would remove any price barrier to customers making their journeys with the most efficient combination of modes. This would help ensure that transport planners design the network in the most efficient way, with less duplication between modes.



However, we are recommending the ferry fares remain higher than other fares. As shown in the previous section, demand on ferries is highest on the weekends, so fares outside normal peak hours should not be reduced in line with other modes. In addition, for ferries, we consider that the potential for service delivery efficiencies are minimal – and so they would be outweighed by the loss in fare revenue from reducing fares.

Ferry users would continue to benefit from the weekly cap that applies to all modes. We also recommend that Opal Connect passes are provided that are tailored to the needs of ferry passengers, including a pass that provides unlimited travel across all modes.

15%

of all journeys are made using two or more modes



12%

of customers make more multi-mode journeys than single mode journeys

27%

of customers make at least one multi-mode journey in a week

36%

of customers use more than one mode of transport each week

Excludes trip made on Gold Opal card and single paper tickets.

Most submissions said fares should be the same for bus, light rail and train. This was generally because many passengers aren't able to choose the transport offered. Other stakeholders, including BusNSW, submitted that fares should be different, because:

- ▼ The costs vary between modes
- ▼ People place a different value on the service provided by each mode and their willingness to pay for the services differ significantly
- ▼ Having different fares can also help manage demand. For example, if light rail and trains are particularly crowded, cheaper bus fares can encourage some passengers to use the bus to help spread the load.



....some forms of transport are more expensive than others... but users often have no influence on what is available in their zones.

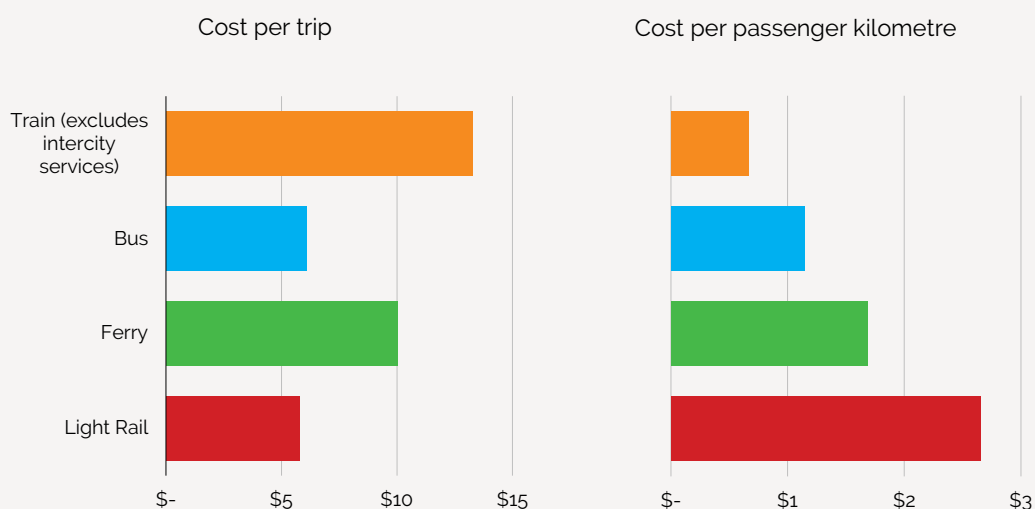
Anonymous submission



Fares need to reflect both cost and value delivered. i.e. customers should, and will generally be "willing to pay" more for fast, expensive trains than slow, cheap buses. Fares should not be a constant amount per km regardless of mode as this will distort demand (subsidising trips that require more expensive infrastructure) and reduce total revenue (because limited 'willingness to pay' on low-value trips will reduce revenue on trips that customers would be willing to pay more for).

D Thorp

Cost by mode (2017-18)



Source: The CIE

Data sources and calculations in this report can be found in the excel workbook on our Opal fare review web page at www.ipart.nsw.gov.au





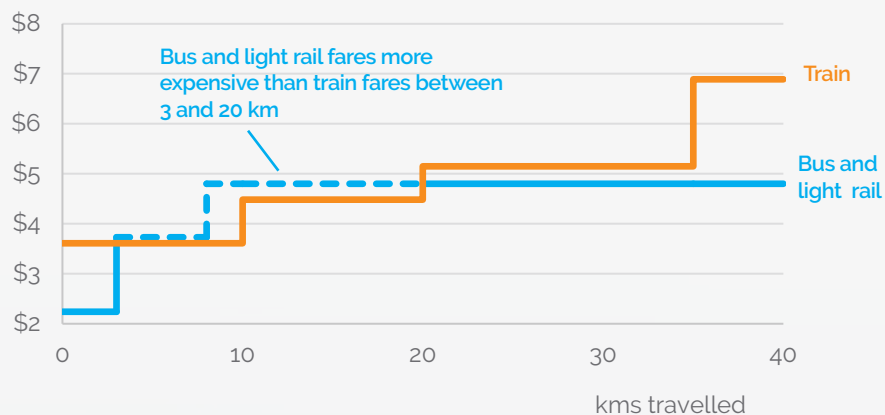
In all other Australian capital cities, fares are the same regardless of mode of travel. However, overseas it is not unusual for fares to be different between modes.

Integrating fares would increase some train fares in line with bus fares

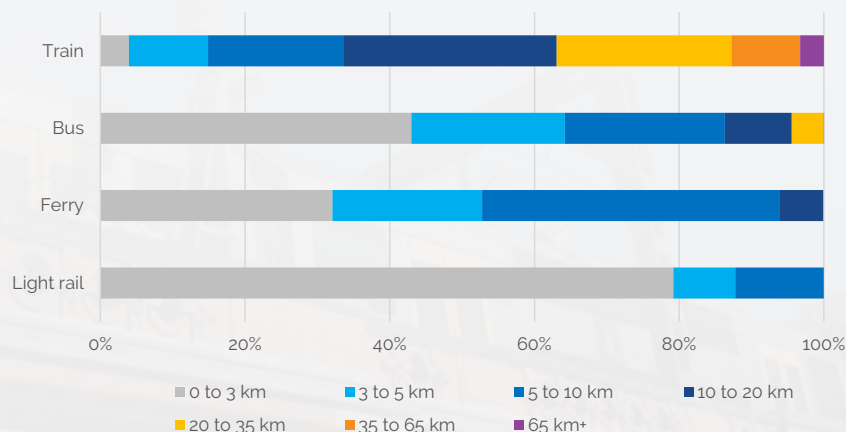


Currently train fares are lower than bus and light rail fares for travel between 3 and 20 kms – the distance travelled by around 60% of train customers. Some stakeholders noted passengers would be willing to pay more for train travel as trains provide a faster and more reliable service than buses. Integrating fares would increase these train fares in line with bus fares, to better reflect the relative costs and benefits of buses and trains.

Fares for single journeys by mode and distance travelled (current 2020)



Trip distance by mode





Greater access for low-income passengers

Discounted or concession fares are currently available to children, students, people with a disability, some Centrelink customers and older people. These users receive a 50% discount off the adult fares and seniors also have access to a \$2.50 daily cap. However, some economically disadvantaged groups are currently paying full Adult Opal fares.



We recommend that the NSW Government provides discounted Opal fares to NSW residents that hold a current Commonwealth Health Care Card.

Health care card holders include students, carers and people who aren't well enough to work full time.

This would provide for up to

141,500

extra people to become eligible for discounted Adult Opal fares.

Greater access to concessions for low income passengers was one of the key themes raised in submissions and at the public hearing



People on low incomes who may be working infrequent or few hours are often eligible for Commonwealth Health Care Cards. Health care card holders include students, carers and people who aren't well enough to work full time. People who are underemployed can also access Health Care Cards. In NSW, under-employment is a persistent and increasing issue, especially in the lowest paid occupations (retail trade, health care and social assistance and accommodation and food services all have relatively high numbers of underemployed). Enabling access to transport for those who are struggling to make ends meet is vital for their continued participation in the workforce.

NCOSS

The NSW Government could implement discounted fares for Health Care Card Holders in different ways. For example:

Expand the current concession program providing a 50% discount on Adult Opal fares

Use Opal Connect account based ticketing to provide a discount on Adult Opal fares

We estimate this recommendation would reduce fare revenue by around \$350,000 dollars per week.

Relatively small increases to some of the more heavily discounted tickets could fund this recommendation. As an example, raising the Gold Opal cap to \$3.60, as we recommended in 2016 would more than fund the expansion of concession tickets to low income earners holding Health Care Cards.



We recommend that the NSW Government consider implementing targeted programs for vulnerable people

While our recommendation would expand eligibility for discounted fares, we recognise that there would still be vulnerable people who cannot afford public transport. We recommend that the NSW Government consider:

- ▼ Trialling the use of discounted weekly, monthly, and quarterly travel passes to community service organisations to be provided to vulnerable people (in addition to the daily passes already available).
- ▼ Providing the opportunity for people to apply for free travel where they have a permanent physical disability, cognitive condition or mental illness that prevents them from using the Opal ticketing system.

Transport for NSW should work with community organisations to develop these passes.

A Factors we are required to consider

IPART determines maximum fares for Opal services under Section 123 of the Passenger Transport Act 2014. We are required to consider a range of matters in making a determination (Table A.1).

Table A.1 Factors IPART is required to consider in setting maximum fares

Review objective	Factors we are required to consider under the Passenger Transport Act and the Terms of Reference for the review	Refer to:
Encourage people to use public transport	<ul style="list-style-type: none"> ▼ The impact of the determination or recommendation on the use of the public passenger transport network ▼ The need to increase the proportion of travel undertaken by sustainable modes such as public transport 	<ul style="list-style-type: none"> ▼ Final report ▼ Technical paper – Demand ▼ Technical paper – externalities
Maximise the benefits of public transport use to the community	<ul style="list-style-type: none"> ▼ The cost of providing the services ▼ The need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers ▼ The protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service ▼ The social impact of the determination or recommendation ▼ The impact of the determination or recommendation on the use of the public passenger transport network ▼ The need to increase the proportion of travel undertaken by sustainable modes such as public transport ▼ The relative contributions that customers and taxpayers should make to the cost of delivering Opal Services taking into account the costs and level of services 	<ul style="list-style-type: none"> ▼ Final Report ▼ Technical paper – TFP ▼ Information paper – Affordability ▼ Technical paper – Demand ▼ Information paper – Patronage, services and satisfaction ▼ CIE cost recovery report

	▼	Standards of quality, reliability and safety of the services (whether those standards are specified by legislation, agreement or otherwise)	
Help deliver a financially sustainable public transport network	▼	The cost of providing the services	▼ FinalReport
	▼	The effect of the determination or recommendation on the level of Government funding	▼ Technical paper – TFP
	▼	The need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers	▼ CIE Cost recovery report
Remain affordable for public transport users	▼	The protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service	▼ Final Report
			▼ Information paper – Affordability
	▼	The social impact of the determination or recommendation	▼ Information paper – Patronage
Be predictable and stable over time	▼	The social impact of the determination or recommendation	▼ Final Report
			▼ Determination
	▼	The technical feasibility of any proposed changes put forward by IPART, given the features of the Opal system and the contracts in place for its implementation and operation	▼ Information paper – Affordability
			▼ Information paper – Patronage
	▼	The most appropriate method or methodology for determining maximum fares for Opal Services, including the need for sufficient flexibility to implement any changes to the current fare structure (where relevant).	▼ Information paper – ticketing and technology

Likely annual cost to the Consolidated Fund if the fare were not increased to the maximum permitted

Under Section 124(5) of the Passenger Transport Act 2014, we are required to report on the likely cost to consolidated revenue if fares were not increase to the maximum permitted. This is shown in Table A.2.

Table A.2 Factors IPART is required to consider in setting maximum fares

	Revenue foregone (in \$ million)				
	Year 1	Year 2	Year 3	Year 4	Total
Implement maximum fares only	\$52	\$112	\$184	\$267	\$615
Implement maximum fares only with a demand response from price elasticity	\$33	\$72	\$118	\$170	\$394

Note: The amounts in the table is the forgone fare revenue compared to if the Government increased fares in line with CPI. If the Government increases fares by less than CPI, then the revenue forgone would be more than the amounts shown. Our estimates are based on the current opal fares increasing on average by 5% in each year so that in year 4 the fares are equal to the levels in IPART's Opal determination Fares from 2020. They assume that the current price structure does not change (ie, weekly and daily caps, transfer discounts, travel rewards remain in place, and no changes to the Government's concession policy).

We also provide the likely costs to consolidated revenue if fares are not increased by the maximum determined adjusted for our estimate of price elasticity based on the mid-point of the CEPA/Hensher group and Strategic Travel Model's price elasticity – for more information see Technical paper – Patronage and price estimates

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The Independent Pricing and Regulatory Tribunal (IPART)

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