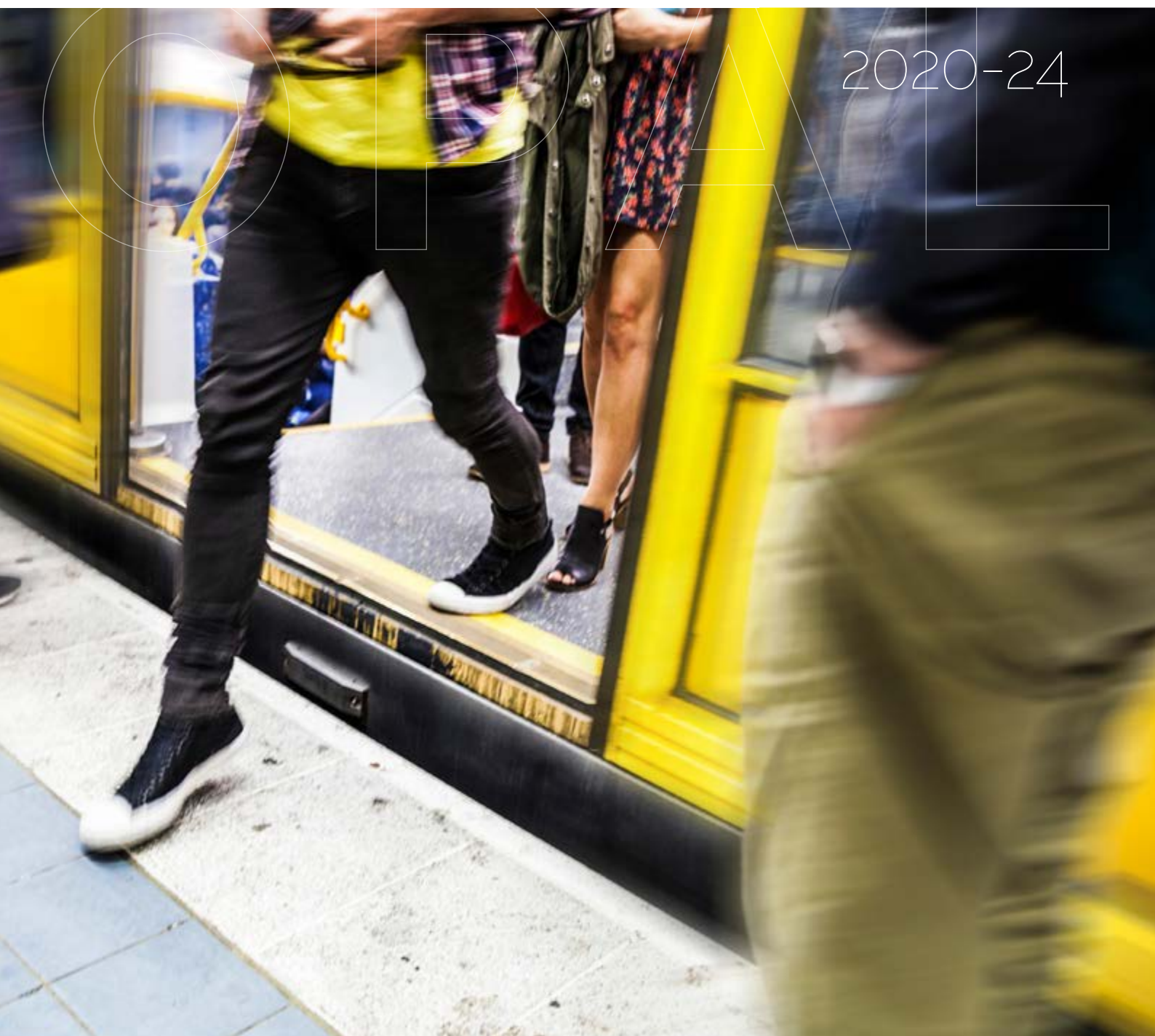


MAXIMUM OPAL FARES



Overview

April 2019

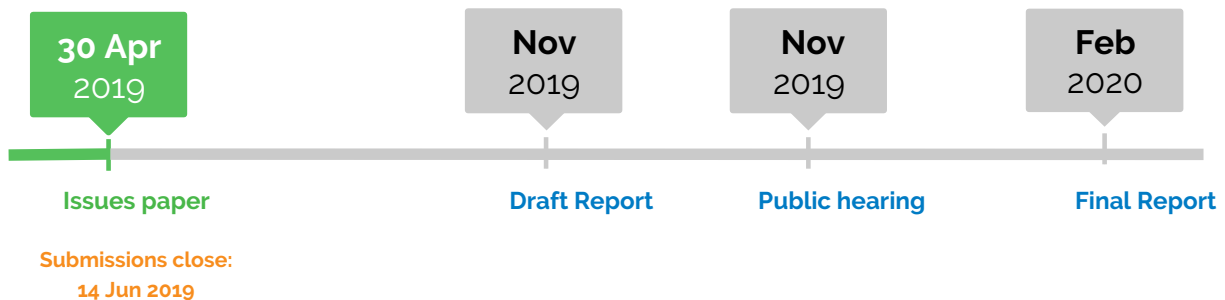
IPART WILL SET MAXIMUM OPAL FARES TO DECEMBER 2024

The NSW Government has asked the Independent Pricing and Regulatory Tribunal (IPART) to conduct a major review of public transport fares in Sydney and surrounding areas.

We will spend the next nine months conducting research and analysis and consulting on what the Opal fares should be. In February 2020 we will publish the maximum fares that will apply in each year until December 2024.



We are seeking feedback by 14 June 2019 on our issues paper which sets out our proposed approach to setting fares.



Which services are covered by this review?



We have also been asked to look at the pricing arrangements for on demand services.

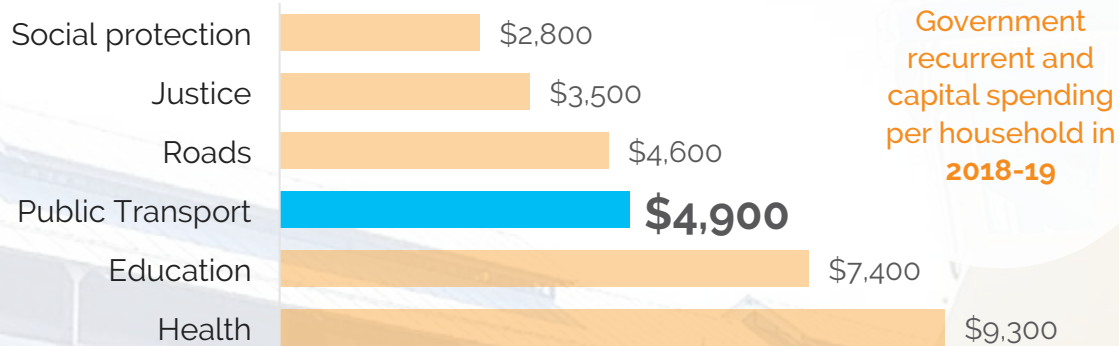


We are setting maximum fares for all services where an Opal card can be used, and are operated under a passenger service contract or bus service contract with Transport for NSW (TfNSW):

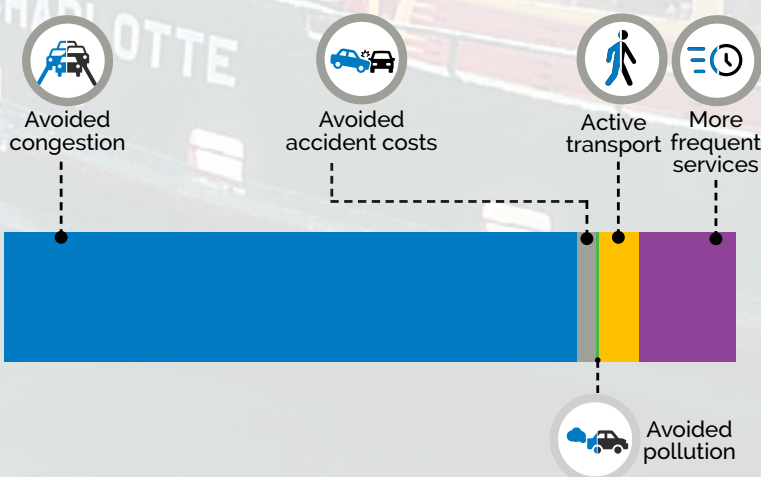
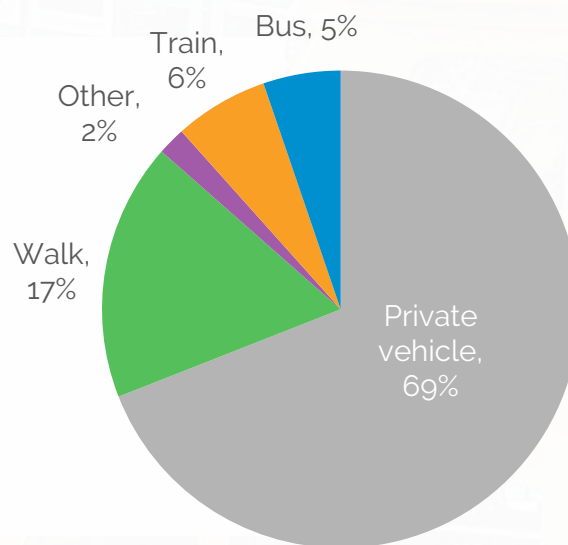
- **Train services** operated by Sydney Trains, NSW Trains and Sydney Metro.
- **Bus services** operated under a Sydney Metropolitan Bus Service Contract with TfNSW or an Outer Sydney Metropolitan Bus Service Contract with TfNSW, and bus services operated by Newcastle Transport.
- **Light rail services** 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.



This year the NSW Government will spend **\$4,900** per household on **public transport**

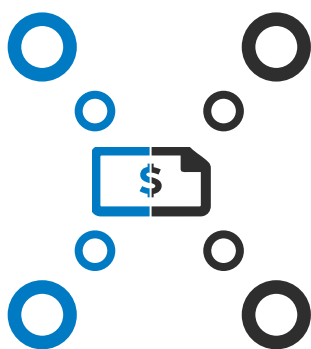


Around **12%** of all trips in Sydney are made using public transport



Non-users benefit from Government spending on public transport mainly through **reduced road congestion**

PASSENGERS PAY A SMALL SHARE OF PUBLIC TRANSPORT COSTS



Public transport is the third largest cost to taxpayers

Public transport benefits both users and non-users of the services. The main benefit for non-users is reduced congestion on city roads.

However, the cost of providing public transport services is increasing significantly, and public transport is currently the third largest cost to taxpayers after health and education.

Passengers pay around a quarter of the costs of providing these services. Patronage has grown significantly, with around 12% of all trips in Sydney being made on public transport. But the growth in revenue from these additional passenger journeys has not kept up with the increase in costs. At the same time, fares have fallen in real terms.

One of the key parts of IPART's role is to provide transparency around whether the funding for public transport is sustainable into the future to ensure both taxpayers and passengers receive value for money. We need to balance the costs and benefits of public transport and we are interested in people's views on how much should be paid through fares, and how much non-users should pay.

Our approach to setting fares

We will explore different overall fare changes, as well as the relativities between individual fares for trains, buses, ferries and light rail, different length journeys, journeys at different times of the day, and for infrequent and frequent travel.

For the various fare options, we will consider which provides the best balance between affordability, the impact on patronage—and what this would mean for crowding and road congestion—and the level of cost recovery.

We set maximum fares under the *Passenger Transport Act*, which sets out the list of matters we must consider



IPART last reviewed fares in 2016



The NSW Government usually changes fares each year

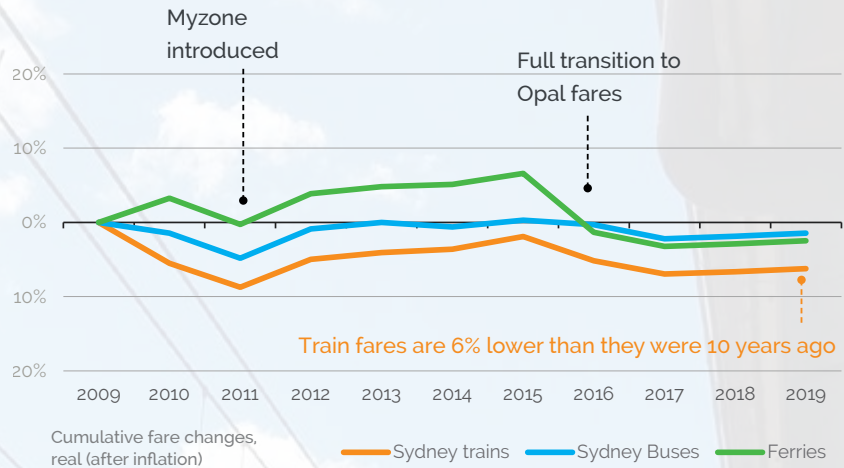


The NSW Government can set fares below IPART's maximum fares, but **cannot exceed them**



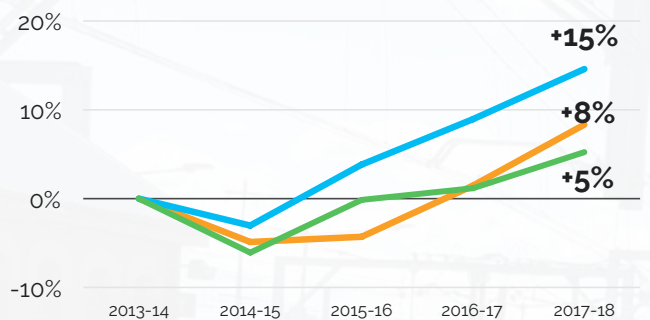
Fares have changed by less than inflation

in the transition to electronic ticketing



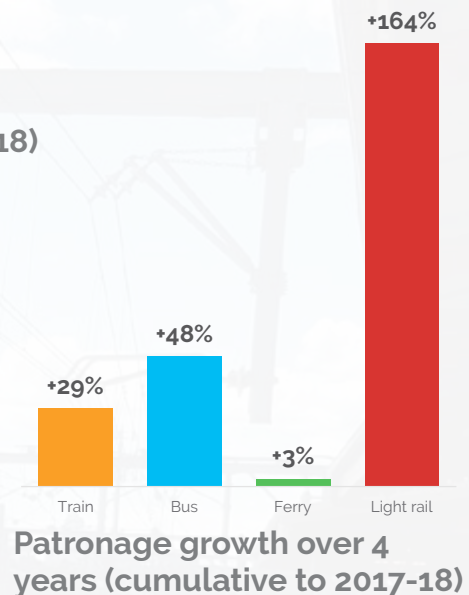
Revenue is rising due to higher patronage growth

Revenue growth over 4 years (cumulative to 2017-18)



Cumulative, real (after inflation). Light rail revenue has grown by 140%, due to expanded services (not shown on chart).

Train Bus Ferry



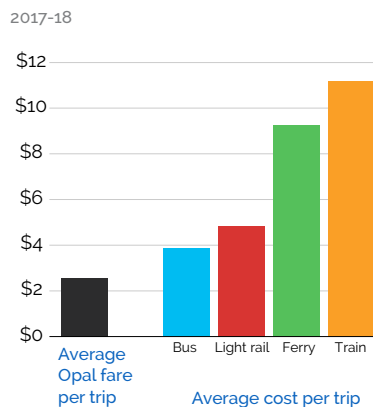
But higher costs are reducing cost recovery overall

\$50bn + construction planned over the next ten years

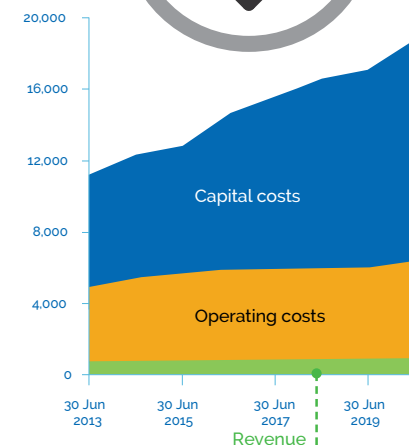
1500 extra train services per week since the 2017 timetable changes

2000 extra weekly bus services in 2019

Sydney Metro North West to commence in 2019



Millions per year



Our proposed fare setting approach



Select fare change options

How much does the average fare change by?

What are the relativities between fares for different journey types and users?



Differences between modes



Short versus long distance



Time of day



Frequent or occasional use



Payment method



User characteristics



Measure impacts

Number of journeys taken -

- ▶ congestion on the road
- ▶ pollution
- ▶ accidents on the road
- ▶ active transport trips (walking/cycling)
- ▶ time savings if more frequent services are added
- ▶ crowding
- ▶ on-time running
- ▶ resulting changes in the cost of providing services

Cost recovery

How much more/less will individuals pay for a journey or over a week

How does this compare to other places?

How does this compare to historical fare levels?



Assess against objectives

Do the fares encourage people to use public transport?

Do the fares maximise the community benefits of public transport use?

Do the fares deliver a financially sustainable public transport network?

Are they affordable for public transport passengers?

Are they predictable and stable over time?

We will make a judgement about which fare option produces the best mix of outcomes

There are trade-offs between the objectives - so fare options will not meet all of the objectives to the same degree

We have also been asked to consider pricing for **ON-DEMAND TRANSPORT**

Transport for NSW is currently funding a range of on-demand trial services across NSW to determine whether they should be included as part of the state's public transport network.



On-demand services are shared booked services, which often have flexible departure/arrival points.



On-demand services could form part of the public transport network by replacing existing fixed route services, providing new services with a flexible route or timetable, or taking people to join regular timetabled services at stations and wharves.

Because they are more flexible, on-demand services typically cost more to provide than regular fixed-route services but in some cases they can be more cost effective. For some types of services there may be an existing on-demand option, such as taxis and ride-share, community transport and private courtesy buses, many of which operate without government funding.

We are proposing to identify where on-demand services should receive taxpayer funding as part of the public transport network, and consider the pricing arrangements that should apply. Pricing options are likely to be different for different types of on-demand services depending on what they offer, the cost of providing them and their value to the community.

We are seeking comment

We are aiming to set fares that help deliver a financially sustainable public transport network, encourage people to use public transport, maximise the benefits of public transport use to the community, remain affordable for public transport users, and that are predictable and stable over time.

- 1 Are these objectives the right ones to focus on?
- 2 Are any of the objectives more important than others?

Which fare changes should we focus on

- 3 Should light rail and metro services have their own mode-specific fares? Or should light rail continue to be set in line with bus fares, and metro fares set in line with rail fares?
- 4 Should the \$2 discount for transferring between different modes of transport be higher or lower?
- 5 Do we currently have a good balance between fares for short distance and long distance travel? Should fares increase more gradually and smoothly as the distance travelled increases?
- 6 Should we make changes to when and where peak fares apply? Should all modes have peak and off peak fares?
- 7 Are the current suite of discounts available on Opal services appropriate? Do you support IPART reviewing these discounts?
- 8 Should contactless payment cards and devices attract the same discounts as the Opal card?
- 9 What other methods of payment are likely to become available over the next five years?
- 10 Are there any issues regarding fare discounts or concessions that we should consider?

Pricing for on-demand services

- 11 Do you agree with our proposed approach to establishing appropriate fares for on-demand services?
- 12 Which groups of people are most likely to use on-demand services, and how could this change over time?
- 13 How much would you be willing to pay for on-demand services?