




The Hon Andrew Constance MP
Minister for Transport and Infrastructure

PR15/05990

Mr Peter Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Mr Boxall

 I am writing to refer to the Independent Pricing and Regulatory Tribunal (IPART) the task of determining appropriate maximum fares for classes of Opal fares from 1 July 2016 to 30 June 2019. This referral, which is attached, has been approved by the Premier, the Hon Michael Baird MP, in accordance with the requirements of s123 of the *Passenger Transport Act 2014*.

Now that the implementation of the Opal electronic ticketing system (Opal) has been substantially completed, the NSW Government wishes to consider options for fare structure reform that would achieve greater levels of fare integration, including the benefits and costs of these options.

This referral, therefore, requires IPART to consider fare structure reform options for Opal following IPART's usual engagement with the community. It is intended that, if Government decides to make changes to the structure of Opal fares, IPART's final maximum fare determination would allow for those changes to be implemented from the middle of next year.

I look forward to the commencement of this important review, to considering IPART's advice with respect to fare structure options for the Opal system, and to receiving IPART's final report in due course.

Yours faithfully

 19/6/15

Andrew Constance MP
Minister for Transport and Infrastructure



Passenger Transport Act 2014
Section 123(1)(a)

Referral

I, the Hon Andrew Constance MP, Minister for Transport and Infrastructure, with the approval of the Hon Michael Baird MP, Premier of New South Wales and Minister administering the *Independent Pricing and Regulatory Tribunal Act 1992*, under section 123(1)(a) of the *Passenger Transport Act 2014*, refer to the Independent Pricing and Regulatory Tribunal (IPART) the following matter for investigation and report:

The determination of appropriate maximum fares for Opal Services.

In addition to the matters contained in s124 of the *Passenger Transport Act 2014*, in undertaking this investigation, IPART is, under s123(2)(b) of the *Passenger Transport Act 2014*, to consider:

1. The benefits of fare structures that support network integration to increase network efficiency and reduce overall costs;
2. The benefits and costs of spreading demand for public transport to increase efficiency in service delivery and the likely impact of different fares on the travel behaviour of customers, including whether current concession arrangements for peak and off-peak travel support the optimal use of the network;
3. Whether there are strong arguments for or against full integration of fares across all Opal Services, given that some modes have significantly different costs and/or externality benefits;
4. The relative contributions that customers and taxpayers should make to the cost of delivering Opal Services, including light rail as an Opal Service;
5. The technical feasibility of making changes to the current fare structure, given the features of the Opal system and the contracts in place for its implementation and operation;
6. 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);
7. Where relevant, transitional arrangements from the current fare structure to a new fare structure, assuming that new fares would apply from 1 July 2016 and including any customer impacts and technical limitations; and
8. The need to ensure consistency between:
 - (i) the structure of fares in the final determination of appropriate maximum fares for Opal Services; and
 - (ii) the NSW Government's announced policy position on the structure of fares for Opal Services.

For the purposes of this referral, Opal Services means the following services:

1. Train services operated by Sydney Trains;
2. NSW Trains services operated under the business name NSW TrainLink Intercity;

3. Sydney Ferries services operated under the authority of a service contract with Transport for NSW (TfNSW);
4. The Stockton Ferry;
5. Bus services operated under the authority of a Metropolitan Bus Service Contract with TfNSW;
6. Bus services operated under the authority of a Outer-Metropolitan Bus Service Contract with TfNSW; and
7. The Sydney Light Rail service.

IPART is to publish a draft report as soon as practicable but no later than 18 December 2015. The draft report is to include appropriate mode specific maximum fares for Opal Services and any integrated fare structure options developed by IPART.

IPART is to submit its final report and determination under this referral to the Minister for Transport and Infrastructure as soon as practicable but no later than 31 March 2016, or such later date as notified in writing by the Minister for Transport and Infrastructure.

This referral ceases to have effect on 30 June 2019, unless earlier varied or withdrawn.

Signed: 

Hon Andrew Constance MP
Minister for Transport and Infrastructure

Date: 19/6/15

Signed: 

Hon Michael Baird MP
A/ Premier

Date: 8.7.15