



## Introduction

Transport for New South Wales (TfNSW) is pleased to present this pricing proposal (proposal) to the Independent Pricing and Regulatory Tribunal (IPART) which sets out the Proposed Fare Change Events in accordance with IPART's current determination of maximum fares for Opal Services.

On 10 May 2017, the NSW Government has announced Opal fare increases in line with CPI.

The Government has announced that all Opal fares and caps, with the exception of the Opal Pensioner/Senior gold card day cap which will remain at \$2.50, will increase by 2.4% from 3 July 2017.

There will be no changes to other Opal benefits such as travel reward and transfer discount.

After the impact of rounding on single trip tickets for cash handling purposes, and caps for simplified customer communications the estimated revenue increase is 2.5%.

This submission to IPART, along with detailed data including the trip distribution for 2017/18 to be provided electronically to IPART, provides the necessary details to confirm compliance.

## Proposed Fare Change Events

TfNSW has identified the following Proposed Fare Change Events as defined by clause 4 of Schedule 1 of the Determination:

- (1) Increase an Adult Fare;
- (2) Modify any of the parameters used to calculate the Fare for a Trip (including any change in daily or weekly caps, distance bands, travel concessions, travel rewards or discounts).

## Compliance with IPART's determination

After assessing the impact of these changes, TfNSW estimates that the Average Adult Fare for 2017/18 is \$2.55, an increase of 2.4% on the Average Adult Fare of \$2.49 for 2015/16. This increase is less than the maximum permitted increase for the Average Adult Fare from 2015/16 to 2017/18 of 13.0%, as set out in clause 2(b) of Schedule 1 of the Determination.

## Average adult fare analysis

In its previous pricing proposal, TfNSW projected an Average Adult Fare for 2016/17 of \$2.56, based on demand for single trip tickets continuing at the rate observed in the representative weeks of 7%. Table 1 indicates that the yield on Opal cards was up one cent on projections with the yield on single trip tickets down 22 cents per trip. However, due to product mix changes the Average Adult Fare did not increase as expected, remaining at the 2015/16 level of \$2.49.

Since its introduction in September 2016, around 12 per cent of Opal card trips received a transfer discount compared to 2015-16 where no trips received a transfer discount.

Since the change to travel rewards in September 2016, around 16 per cent of Opal card trips received a weekly travel reward of 50% compared to 2015-16, where 19 per cent of Opal card trips received a 100% discount.

Table 1: 2016/17 Average Adult Fare - Projections vs Observed

Product Group	2016/17 Expected Values			2016/17 Observed Values*	
	Trip Weighting	Average Adult Fare (12 Months)	Average Adult Fare^	Trip Weighting	Average Adult Fare
Opal card	93.0%	\$2.43	\$2.45	98.2%	\$2.46
Ticket	7.0%	\$4.36	\$4.42	1.8%	\$4.14
<b>TOTAL</b>	<b>100.0%</b>	<b>\$2.56</b>	<b>\$2.59</b>	<b>100.0%</b>	<b>\$2.49</b>

^ For the period October 2016 through June 2017 (following Opal fare structure changes)

\* Observation taken over 8 week period from 6 March to 30 April 2017 and weighted to annual

Table 2 presents the expected 2017/18 Average Adult Fare and trip weighting. As the increase in fares is modest and is evenly distributed across all fares and caps (with the exception of Pensioner/Senior Gold Card cap), TfNSW is not expecting any changes to product trip weighting for 2017/18.

Table 2: 2017/18 Average Adult Fare vs 2016/17 Average Adult Fare

Product Group	2016/17 Observed Values^		2017/18 Projected Values	
	Trip Weighting	Average Adult Fare	Trip Weighting	Average Adult Fare
Opal card	98.2%	\$2.46	98.2%	\$2.52
Ticket	1.8%	\$4.14	1.8%	\$4.23
<b>TOTAL</b>	<b>100.0%</b>	<b>\$2.49</b>	<b>100.0%</b>	<b>\$2.55</b>

^ Observation taken over 8 week period from 6 March 2017 to 30 April 2017

## Proposed trips distribution for 2017/18

In estimating the 2017/18 average adult fare of \$2.55, TfNSW has taken 8 weeks of actual Opal card and single trip travel behaviour. The period chosen was 6 March 2017 to 30 April 2017, comprising both normal travel weeks and weeks impacted by both school and public holidays. This representative sampling approach is consistent with the pricing proposal for the 2016/17 fare change event. This approach was approved by IPART in July 2016 in advance of the September 2016 changes. Table 3 and Table 4 show the distribution of Opal reloadable card trips by price band for the representative weeks under current and proposed pricing, representing over 98% of qualifying travel.

Table 3: Opal reloadable card trip distribution - current fare structure

Fare Up To	Holiday Weeks			Normal Weeks			TOTAL		
	Trip Distribution		Average Fare*	Trip Distribution		Average Fare*	Trip Distribution		Average Fare*
	Adult	Concession		Adult	Concession		Adult	Concession	
\$0.00	7%	7%	–	7%	6%	–	7%	6%	–
\$2.00	19%	21%	\$0.89	21%	25%	\$0.94	21%	24%	\$0.93
\$3.00	31%	33%	\$2.20	30%	31%	\$2.18	30%	31%	\$2.19
\$4.00	20%	22%	\$3.13	20%	21%	\$3.12	20%	21%	\$3.12
\$5.00	17%	12%	\$4.09	17%	14%	\$4.09	17%	14%	\$4.09
\$7.00	5%	4%	\$5.53	4%	3%	\$5.59	4%	3%	\$5.58
Over \$7.00	1%	1%	\$7.11	1%	1%	\$7.19	1%	1%	\$7.18
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$2.48</b>	<b>100%</b>	<b>100%</b>	<b>\$2.46</b>	<b>100%</b>	<b>100%</b>	<b>\$2.46</b>

\* Weighted average adult fare excl GST, excl airport station access fees

Table 4: Opal reloadable card trip distribution - proposed fare structure

Fare Up To	Holiday Weeks			Normal Weeks			TOTAL		
	Trip Distribution		Average Fare*	Trip Distribution		Average Fare*	Trip Distribution		Average Fare*
	Adult	Concession		Adult	Concession		Adult	Concession	
\$0.00	7%	7%	–	7%	6%	–	7%	6%	–
\$2.00	19%	21%	\$0.91	21%	25%	\$0.96	21%	24%	\$0.95
\$3.00	23%	25%	\$2.11	23%	25%	\$2.10	23%	25%	\$2.10
\$4.00	28%	29%	\$3.08	26%	27%	\$3.09	26%	27%	\$3.09
\$5.00	17%	12%	\$4.19	17%	14%	\$4.19	17%	14%	\$4.19
\$7.00	5%	4%	\$5.66	4%	3%	\$5.71	4%	3%	\$5.71
Over \$7.00	1%	1%	\$7.27	1%	1%	\$7.36	1%	1%	\$7.34
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$2.54</b>	<b>100%</b>	<b>100%</b>	<b>\$2.51</b>	<b>100%</b>	<b>100%</b>	<b>\$2.52</b>

\* Weighted average adult fare excl GST, excl airport station access fees

Table 5: 2016/17 Observed single trip ticket distribution

Fare Up To	Holiday Weeks			Normal Weeks			TOTAL		
	Trip Distribution		Average Fare*	Trip Distribution		Average Fare*	Trip Distribution		Average Fare*
	Adult	Concession		Adult	Concession		Adult	Concession	
\$0.00	–	–	–	–	–	–	–	–	–
\$2.00	–	–	–	–	–	–	–	–	–
\$3.00	24%	27%	\$2.38	25%	30%	\$2.38	25%	30%	\$2.38
\$4.00	–	–	–	–	–	–	–	–	–
\$5.00	38%	38%	\$3.77	40%	38%	\$3.78	40%	38%	\$3.78
\$7.00	28%	25%	\$5.10	24%	24%	\$5.07	25%	24%	\$5.08
Over \$7.00	11%	10%	\$7.87	10%	8%	\$7.85	11%	8%	\$7.85
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$4.20</b>	<b>100%</b>	<b>100%</b>	<b>\$4.12</b>	<b>100%</b>	<b>100%</b>	<b>\$4.14</b>

\* Weighted average adult fare excl GST, excl airport station access fees

Table 6: 2017/18 Proposed single trip ticket distribution

Fare Up To	Holiday Weeks			Normal Weeks			TOTAL		
	Trip Distribution		Average	Trip Distribution		Average	Trip Distribution		Average
	Adult	Concession	Fare*	Adult	Concession	Fare*	Adult	Concession	Fare*
\$0.00	-	-	-	-	-	-	-	-	-
\$2.00	-	-	-	-	-	-	-	-	-
\$3.00	24%	27%	\$2.38	25%	30%	\$2.38	25%	30%	\$2.38
\$4.00	-	-	-	-	-	-	-	-	-
\$5.00	38%	38%	\$3.88	40%	38%	\$3.88	40%	38%	\$3.88
\$7.00	23%	22%	\$5.08	21%	21%	\$5.05	21%	21%	\$5.05
Over \$7.00	15%	13%	\$7.68	13%	11%	\$7.67	14%	11%	\$7.67
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$4.30</b>	<b>100%</b>	<b>100%</b>	<b>\$4.21</b>	<b>100%</b>	<b>100%</b>	<b>\$4.23</b>

\* Weighted average adult fare excl GST, excl airport station access fees

## Changes to Opal card fares

From 3 July 2017, Opal fares will change as set out below.

### Train

	ADULT		CONCESSION	
	Current peak	New peak	Current peak	New peak
Train Band 1	\$3.38	\$3.46	\$1.69	\$1.73
Train Band 2	\$4.20	\$4.30	\$2.10	\$2.15
Train Band 3	\$4.82	\$4.94	\$2.41	\$2.47
Train Band 4	\$6.46	\$6.61	\$3.23	\$3.30
Train Band 5	\$8.30	\$8.50	\$4.15	\$4.25

	ADULT		CONCESSION	
	Current off peak	New off peak	Current off peak	New off peak
Train Band 1	\$2.36	\$2.42	\$1.18	\$1.21
Train Band 2	\$2.94	\$3.01	\$1.47	\$1.50
Train Band 3	\$3.37	\$3.45	\$1.68	\$1.72
Train Band 4	\$4.52	\$4.62	\$2.26	\$2.31
Train Band 5	\$5.81	\$5.95	\$2.90	\$2.97

### Bus

	ADULT		CONCESSION	
	Current	New	Current	New
Bus Band 1	\$2.10	\$2.15	\$1.05	\$1.07
Bus Band 2	\$3.50	\$3.58	\$1.75	\$1.79
Bus Band 3	\$4.50	\$4.61	\$2.25	\$2.30

### Light rail

	ADULT		CONCESSION	
	Current	New	Current	New
Light rail Band 1	\$ 2.10	\$ 2.15	\$ 1.05	\$ 1.07
Light rail Band 2	\$ 3.50	\$ 3.58	\$ 1.75	\$ 1.79
Light rail Band 3	\$ 4.50	\$ 4.61	\$ 2.25	\$ 2.30

## Ferry

	ADULT		CONCESSION	
	Current	New	Current	New
Ferry Band 1	\$5.74	\$5.88	\$2.87	\$2.94
Ferry Band 2	\$7.18	\$7.35	\$3.59	\$3.67
Stockton Ferry	\$2.10	\$2.15	\$1.05	\$1.07

## Changes to Opal caps

From 3 July 2017, Opal caps will change as set out below.

	Weekday/Saturday		Sunday		Weekly	
	Current	New	Current	New	Current	New
Adult	\$15.00	\$15.40	\$2.50	\$2.60	\$60.00	\$61.60
Child/Youth	\$7.50	\$7.70	\$2.50	\$2.60	\$30.00	\$30.80
Concession	\$7.50	\$7.70	\$2.50	\$2.60	\$30.00	\$30.80
Senior/Pensioner	\$2.50	\$2.50	\$2.50	\$2.50	N/A	N/A

## Changes to single trip ticket fares

From 3 July 2017, Opal single trip ticket fares will change as set out below.

### Train

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Train Band 1	\$4.10	\$4.20	\$2.00	\$2.10
Train Band 2	\$5.10	\$5.20	\$2.50	\$2.60
Train Band 3	\$5.80	\$6.00	\$2.90	\$3.00
Train Band 4	\$7.80	\$8.00	\$3.90	\$4.00
Train Band 5	\$10.00	\$10.20	\$5.00	\$5.10

### Bus

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Bus Band 1	\$2.60	\$2.60	\$1.30	\$1.30
Bus Band 2	\$4.20	\$4.30	\$2.10	\$2.10
Bus Band 3	\$5.40	\$5.60	\$2.70	\$2.80

### Light rail

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Light rail Band 1	\$2.60	\$2.60	\$1.30	\$1.30
Light rail Band 2	\$4.20	\$4.30	\$2.10	\$2.10
Light rail Band 3	\$5.40	\$5.60	\$2.70	\$2.80

### Ferry

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Ferry Band 1	\$6.90	\$7.10	\$3.40	\$3.50

<b>Ferry Band 2</b>	\$8.70	\$8.90	\$4.30	\$4.40
<b>Stockton Ferry</b>	\$2.60	\$2.60	\$1.30	\$1.30