



### Pricing Proposal for 24 June 2019

#### 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.

TfNSW proposes to increase Opal fares in line with the consumer price index (CPI) in 2019-20. All Opal fares and caps, with the exception of the Opal Pensioner/Senior gold card day cap (remaining at \$2.50) and new weekly caps, will increase by 1.9 per cent on 24 June 2019.

At the same time TfNSW will implement the Government's election commitment to reduce the adult weekly cap to \$50 (\$25 for concessions). There will be no changes to other Opal benefits such as travel reward and transfer discount.

The estimated impact of these two changes, after rounding of single trip tickets and caps, is an increase in the Average Adult Fare of 1.2 per cent compared to 2018-19.

This submission to IPART, along with trip distributions for 2019-20 to be provided to IPART, provides the necessary information 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 in Adult Fare – CPI indexation of fares;
- (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) – reduction in the weekly cap.

#### Compliance with IPART's Determination

After assessing the impact of these changes, TfNSW estimates that the Average Adult Fare for 2019-20 is \$2.61, an increase of 4.8 per cent on the Average Adult Fare of \$2.49 from 2015-16. This increase is less than the maximum permitted increase for Adult Fares from 2015-16 to 2018-19 of 13.0 per cent, as set out in clause 2(d) of Schedule 1 of the Determination.

#### Average Adult Fare Analysis

In its previous pricing proposal, TfNSW projected an Average Adult Fare for 2018-19 of \$2.61. Table 1 indicates that the observed Average Adult Fare for 2018-19 was slightly lower at \$2.58. This can be attributed to the mix change, particularly the projected proportion of single trip tickets which were expected to be 1.6 per cent but observed to be lower at 1.1 per cent due in part to the introduction of contactless credit card payments in 2018.

Table 1: 2018-19 Average Adult Fare – Projections vs Observed

Product Group	2018-19 Expected Values		2018-19 Observed Values	
	Trip Weighting	Average Adult Fare*	Trip Weighting	Average Adult Fare
Opal card and CTP	98.4%	\$2.58	98.9%	\$2.56
Ticket	1.6%	\$4.54	1.1%	\$4.55
<b>TOTAL</b>	<b>100.0%</b>	<b>\$2.61</b>	<b>100.0%</b>	<b>\$2.58</b>

Observations taken over seven week period from 11 March to 28 April 2019 and annualised.

Table 2 presents the expected 2019-20 Average Adult Fare and trip weighting. As the increase in fares is modest and is evenly distributed across all relevant fares and caps, TfNSW is not expecting any changes to product trip weighting for 2019-20.

Table 2: 2019-20 Average Adult Fare vs 2018-19 Average Adult Fare

Product Group	2018-19 Observed Values		2019-20 Projected Values	
	Trip Weighting	Average Adult Fare	Trip Weighting	Average Adult Fare
Opal card and CTP	98.9%	\$2.56	98.9%	\$2.58
Ticket	1.1%	\$4.55	1.1%	\$4.68
<b>TOTAL</b>	<b>100.0%</b>	<b>\$2.58</b>	<b>100.0%</b>	<b>\$2.61</b>

Observations taken over seven week period from 11 March to 28 April 2019 and annualised.

Projections based on observation period; revenue recalculated for proposed fare changes.

### Trip Distribution for 2019-20

In estimating the 2019-20 average adult fare of \$2.61, TfNSW has taken seven weeks of Opal card and single trip travel behaviour. The period chosen was 11 March 2019 to 28 April 2019, comprising both normal travel weeks and weeks impacted by public holidays. This representative sampling approach is consistent with the pricing proposal for the 2018-19 fare change event. 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 per cent of qualifying travel.

Table 3: Opal reloadable card trip distribution – observed 2018-19

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	
<b>\$0.00</b>	8%	8%	(\$0.00)	7%	6%	(\$0.00)	7%	6%	(\$0.00)
<b>\$2.00</b>	19%	22%	\$0.94	22%	26%	\$0.99	21%	25%	\$0.98
<b>\$3.00</b>	23%	25%	\$2.15	22%	25%	\$2.14	23%	25%	\$2.14
<b>\$4.00</b>	27%	29%	\$3.13	26%	26%	\$3.15	26%	26%	\$3.14
<b>\$5.00</b>	12%	10%	\$4.16	12%	10%	\$4.15	12%	10%	\$4.15
<b>\$7.00</b>	9%	7%	\$5.17	9%	6%	\$5.13	9%	6%	\$5.14
<b>Over \$7.00</b>	1%	1%	\$7.32	1%	1%	\$7.44	1%	1%	\$7.42
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$2.55</b>	<b>100%</b>	<b>100%</b>	<b>\$2.56</b>	<b>100%</b>	<b>100%</b>	<b>\$2.56</b>

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

Table 4: Opal reloadable card trip distribution – projected 2019-20

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	9%	9%	-	8%	9%	-	8%	9%	-
\$2.00	19%	18%	\$0.97	21%	22%	\$1.02	21%	21%	\$1.01
\$3.00	23%	26%	\$2.20	22%	26%	\$2.19	22%	26%	\$2.19
\$4.00	27%	28%	\$3.19	26%	26%	\$3.20	26%	26%	\$3.20
\$5.00	12%	10%	\$4.23	12%	10%	\$4.23	12%	10%	\$4.23
\$7.00	9%	7%	\$5.27	9%	6%	\$5.22	9%	6%	\$5.23
Over \$7.00	1%	1%	\$7.46	1%	1%	\$7.58	1%	1%	\$7.56
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$2.60</b>	<b>100%</b>	<b>100%</b>	<b>\$2.58</b>	<b>100%</b>	<b>100%</b>	<b>\$2.58</b>

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

Table 5: Single trip ticket distribution – observed 2018-19

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	21%	21%	\$2.55	23%	25%	\$2.55	23%	24%	\$2.55
\$4.00	-	-	-	-	-	-	-	-	-
\$5.00	37%	35%	\$4.00	41%	40%	\$4.00	40%	39%	\$4.00
\$7.00	22%	23%	\$5.22	21%	22%	\$5.20	21%	22%	\$5.21
Over \$7.00	20%	20%	\$7.83	15%	14%	\$7.90	16%	16%	\$7.88
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$4.74</b>	<b>100%</b>	<b>100%</b>	<b>\$4.50</b>	<b>100%</b>	<b>100%</b>	<b>\$4.55</b>

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

Table 6: Single trip ticket distribution – projected 2019-20

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	21%	21%	\$2.64	23%	25%	\$2.64	23%	24%	\$2.64
\$4.00	-	-	-	-	-	-	-	-	-
\$5.00	37%	35%	\$4.12	41%	40%	\$4.12	40%	39%	\$4.12
\$7.00	22%	23%	\$5.40	21%	22%	\$5.38	21%	22%	\$5.39
Over \$7.00	20%	20%	\$8.02	15%	14%	\$8.08	16%	16%	\$8.07
<b>ALL</b>	<b>100%</b>	<b>100%</b>	<b>\$4.88</b>	<b>100%</b>	<b>100%</b>	<b>\$4.64</b>	<b>100%</b>	<b>100%</b>	<b>\$4.68</b>

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

The fare changes include new weekly caps, in particular the \$50 weekly cap on adult fares. However, this is expected to have minimal impact on trip distributions and the average fare as modelling showing approximately 4 per cent of adult customers will be impacted by the change.

## Changes to Opal card fares

### Rail Passenger Services

	ADULT		CONCESSION	
	Current Peak	New Peak	Current Peak	New Peak
Train Band 1	\$3.54	\$3.61	\$1.77	\$1.80
Train Band 2	\$4.40	\$4.48	\$2.20	\$2.24
Train Band 3	\$5.05	\$5.15	\$2.52	\$2.57
Train Band 4	\$6.76	\$6.89	\$3.38	\$3.44
Train Band 5	\$8.69	\$8.86	\$4.34	\$4.43
Maximum default fare for failure to tap on or off	\$8.69	\$8.86	\$4.34	\$4.43

	ADULT		CONCESSION	
	Current Off Peak	New Off Peak	Current Off Peak	New Off Peak
Train Band 1	\$2.47	\$2.52	\$1.23	\$1.26
Train Band 2	\$3.08	\$3.13	\$1.54	\$1.56
Train Band 3	\$3.53	\$3.60	\$1.76	\$1.79
Train Band 4	\$4.73	\$4.82	\$2.36	\$2.40
Train Band 5	\$6.08	\$6.20	\$3.03	\$3.10
Maximum default fare for failure to tap on or off	\$6.08	\$6.20	\$3.03	\$3.10

### Bus Services

	ADULT		CONCESSION	
	Current	New	Current	New
Bus Band 1	\$2.20	\$2.24	\$1.10	\$1.12
Bus Band 2	\$3.66	\$3.73	\$1.83	\$1.86
Bus Band 3	\$4.71	\$4.80	\$2.35	\$2.40
Maximum default fare for failure to tap on or off	\$4.71	\$4.80	\$2.35	\$2.40

## Light Rail Services

	ADULT		CONCESSION	
	Current	New	Current	New
Light Rail Band 1	\$2.20	\$2.24	\$1.10	\$1.12
Light Rail Band 2	\$3.66	\$3.73	\$1.83	\$1.86
Light Rail Band 3	\$4.71	\$4.80	\$2.35	\$2.40
Maximum default fare for failure to tap on or off	\$4.71	\$4.80	\$2.35	\$2.40

## Ferry Services

	ADULT		CONCESSION	
	Current	New	Current	New
Ferry Band 1	\$6.01	\$6.12	\$3.00	\$3.06
Ferry Band 2	\$7.51	\$7.65	\$3.75	\$3.82
Maximum default fare for failure to tap on or off	\$7.51	\$7.65	\$3.75	\$3.82
Stockton Ferry	\$2.20	\$2.24	\$1.10	\$1.12

## Changes to Opal caps

	Weekday/Saturday		Sunday		Weekly	
	Current	New	Current	New	Current	New
Adult	\$15.80	\$16.10	\$2.70	\$2.80	\$63.20	\$50.00
Child/Youth	\$7.90	\$8.00	\$2.70	\$2.80	\$31.60	\$25.00
Concession	\$7.90	\$8.00	\$2.70	\$2.80	\$31.60	\$25.00
Senior/Pensioner	\$2.50	\$2.50	\$2.50	\$2.50	N/A	N/A

## Changes to single trip ticket fares

### Rail Passenger Services

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Train Band 1	\$4.40	\$4.50	\$2.20	\$2.20
Train Band 2	\$5.40	\$5.60	\$2.70	\$2.80
Train Band 3	\$6.20	\$6.40	\$3.10	\$3.20
Train Band 4	\$8.20	\$8.40	\$4.10	\$4.20
Train Band 5	\$10.60	\$10.80	\$5.30	\$5.40

## Bus Services

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Bus Band 1	\$2.80	\$2.90	\$1.40	\$1.40
Bus Band 2	\$4.40	\$4.60	\$2.20	\$2.30
Bus Band 3	\$5.80	\$6.00	\$2.90	\$3.00

## Light Rail Services

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Light Rail Band 1	\$2.80	\$2.90	\$1.40	\$1.40
Light Rail Band 2	\$4.40	\$4.60	\$2.20	\$2.30
Light Rail Band 3	\$5.80	\$6.00	\$2.90	\$3.00

## Ferry Services

	ADULT		CHILD/YOUTH	
	Current	New	Current	New
Ferry Band 1	\$7.40	\$7.60	\$3.70	\$3.80
Ferry Band 2	\$9.20	\$9.40	\$4.60	\$4.70
Stockton Ferry	\$2.80	\$2.90	\$1.40	\$1.40

## Changes to special event service pricing

One-way	ADULT		CONCESSION	
	Current	New	Current	New
New Year's Eve	\$7.00	\$8.00	\$3.00	\$4.00

## Changes to school term bus pass

	Current	New
School term bus pass	\$54.00	\$55.00

## Opal Day Pass

	ADULT	CHILD/YOUTH
Without airport station access	\$19.40	\$9.60
With airport station access	\$34.20	\$22.80

## On-demand Services

<b>One-way</b>	<b>ADULT</b>	<b>CONCESSION</b>
<b>Canada Bay and Strathfield</b>	\$3.20	\$1.60
<b>Lake Macquarie</b>	\$3.20	\$1.60