

Ms Carmel Donnelly PSM
Chair
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Dear Ms Donnelly,

I write to the Independent Pricing and Regulatory Tribunal (IPART) to provide further information for consideration in relation to the draft determination on Maximum fares for Opal Services.

In particular, I would like to provide information on these sections of the IPART draft determination:

- 'Distance of the Trip' definition in clause 15.2;
- Distribution table in clause 11; and
- Consumer price index calculation in clause 15.1

Distance of the Trip

Under clause 15.2 of the draft determination, IPART has defined the distance of a rail (except for light rail) trip as "the shortest distance by rail between the Departure Point and the Destination Point". The current rail distance calculations are based on long-standing fare rules, which mostly align with IPART's shortest distance by rail definition. However, there are some exceptions that were put in place to simplify the rail distance calculations for ease of ticketing.

There are resource and time requirements to modify the rail distance calculations to fully align with IPART's distance definition. It is noted that any new rail distance calculation formula will need to be designed with rigour and transparency. In addition, there will be system development and testing requirements to ensure that any changes are implemented smoothly and accurately. Transport for NSW (TfNSW) estimates that such a project will take a minimum of 12 months from IPART's final determination to complete. In addition to avoid multiple price changes in a single year it would be preferable for this part of the Determination to commence at the same time as the usual annual price change in July each year.

Distribution table

The distribution table under clause 11 of the draft determination is based on IPART's analysis of TfNSW's Opal trip data by kilometre, with some estimated adjustments for the proposed shortest distance by rail definition.

TfNSW proposes to undertake further work to define the rail distance calculation

and refine the distribution table in the next 12 to 18 months. As such, TfNSW proposes that the final determination allows TfNSW and IPART to agree to a revised distribution table in the future after the rail distance calculation is updated. This will also allow the data to reflect any changes in passenger trip length distribution at that time.

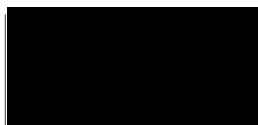
Consumer price index (CPI) calculation

Under clause 15.1 of the draft determination, IPART has proposed the annual indexation of the maximum fare by the March quarter CPI. The Australian Bureau of Statistics typically releases CPI figures one month after the quarter end, meaning that the March quarter CPI is released in late April.

Opal fares are typically adjusted by CPI in July each year. To provide sufficient time required to seek necessary approvals and to make necessary system and communication updates for any fare changes, the use of the December quarter CPI (released in late January) is preferable.

If you would like more information, please contact Aaron Murray, Director Pricing on [REDACTED].

Yours sincerely,



Brenda Hoang
Deputy Secretary
Finance, Technology and Commercial
Transport for NSW

24 September 2024