IPART Independent
Pricing and Regulatory
Tribunal | NSW

Maximum
Opal fares
2025-2028

Final report: overview | October 2024

Maximum Opal fares until 2028

IPART has completed its review of appropriate maximum fares for Opal services from 1 January 2025 until 30 June 2028. We have released a determination and this Final Report.

We have determined maximum fares for **'Opal Services'**. Opal services are most train, metro, bus, ferry and light rail services in the Sydney, Blue Mountains, Central Coast, Newcastle and Illawarra regions. Some train services can extend beyond these regions.

IPART's role is to set maximum fares. The NSW Government has the flexibility to implement a set of fares and discounts (including daily and weekly caps and off-peak times and discounts), below IPART's maximums.

The Government also manages fare policy, including concession policy, such as who is eligible for concession fares and the level of those concession fares, and operational policy including timetabling, ticketing technology, and standards of service and quality.

In undertaking our review, the _Passenger Transport Act_, 2014 (the Act) and the Minister's referral require us to consider and report on 14 mandatory considerations. These include considerations such as:

- The Opal mode and distance-based fare structure.

- Incorporating new services into the Opal fare structure.

- Ensuring affordability and accessibility for disadvantaged groups.

- Cost recovery in the post COVID-19 environment and the level of government funding.

- The impact of the determination on the use of the network and increasing the proportion of travel by sustainable modes.

These factors have all weighed into our considerations for our final determination and recommendations.

This final report sets out our decisions on maximum fares and our recommendations for Transport for NSW and the Minister for Transport. We also explain our process for completing this review, our consideration of the mandatory factors, our findings and some supporting analysis including what we heard from stakeholders about setting Opal fares.

Our final decisions result in 2% average increases to maximum fares above inflation

We have consulted on how to balance public transport costs between passengers (from fares) and taxpayers (from NSW Government funding).

We determine maximum fares that are affordable, encourage passengers to use public transport and contribute towards the operation of the public transport network that supports a sustainable level of funding over the long term. Under this determination, we estimate fare revenue will recover around 25% of the operating costs of the Opal public transport network.

We found that average weekly spending on Opal fares is a small percentage of most people's income.

We also found Opal fares are similar to other Australian and international cities. Fare structures support affordability with fare rules such as daily and weekly caps, off-peak and transfer discounts for all passengers as well as targeted concessions for some vulnerable cohorts.

We found that patronage and cost recovery[*] both declined over the COVID-19 impacted years but both have begun to recover since.

*We calculated cost recovery on an operating cost basis. This means the farebox revenue received from passengers through fares as a percentage of operating costs (including shared ticketing or staff costs). This was calculated on a network wide and individual mode basis (e.g. train, bus, light rail, ferry etc)

Our final decisions result in

2% average real increase compared to current maximum fares

0.7% - 4.1% real increase to rail (train and metro) maximum fares

0% change to most bus and light rail maximum fares, and a 1.6% real increase to maximum fares in the 3 – 8 km distance band

3% - 4% real increase to Sydney ferry maximum fares.

The Newcastle-Stockton Ferry maximum fare will stay the same

On demand fares set at the same rate for an equivalent distance trip on the same mode for a scheduled service

All maximum fares will increase by CPI on 1 July each year of the determination.*

*Or until the determination is replaced by a new one.

We have set a methodology which allows some flexibility to change the default distance bands currently in place, while still limiting maximum fare increases during the determination period.

We have made a change to the way the distance of a rail journey should be calculated to improve consistency in how track distances are measured, transparency and better reflect the modern electronic ticketing system capabilities and the integrated nature of the rail network.

Transport for NSW is not required to set fares at the maximum and may choose to set fares below this level. This could include setting single fares lower than the maximum, continuing to provide discounts such as off-peak discounts or transfer discounts, setting daily or weekly caps and providing concession fares.

Where our review has identified issues around the fare rules or other aspects of ticketing, we have made recommendations about aspects of the fare rules such as the eligibility for concession fares, off peak discounts, rebates for service quality impacts, work to understand and address fare non-compliances, fare relativities, new fare options and information availability.

Opal services

Opal services are a network of over 6,000 rail, metro, light rail, bus, ferry and on demand services within Greater Sydney, the Blue Mountains, Central Coast, Newcastle, Illawarra and parts of the south coast. Some parts of the rail network extend further than this. These services are run by Transport for NSW or its contracted operators and provided over 600 million trips to passengers during 2023-24.

Since 2014, passengers have been able to pay for most of these services using a reloadable Opal card, but new options have been rolled out to include, credit or debit cards, linked smart devices, Transport Connect accounts, in addition to single use paper tickets, on-demand apps and other options.

In recent years, the network has expanded to include new light rail and Metro lines, additional bus, and ferry services. New services will continue to roll out over the next determination period and beyond. The roll out of Opal enabled services has been complemented with new ways of accessing travel information to assist passengers plan and manage their travel.

This includes web and smart phone applications developed by Transport for NSW and third parties to display real time timetable information, capacity status, estimates of journey times and fares, service interruption notifications, travel history, card balances and top up options.

All of these changes can improve the convenience and directness of customer journeys, reduce wait and overall travel time, but also increases the cost of operating the transport network.

These services are essential for many in the community, and IPART has a role under legislation to set the maximum fares for these services. IPART's determination can be considered a 'safety net', it gives passengers certainty about the maximum fares they are likely to pay until 2028.
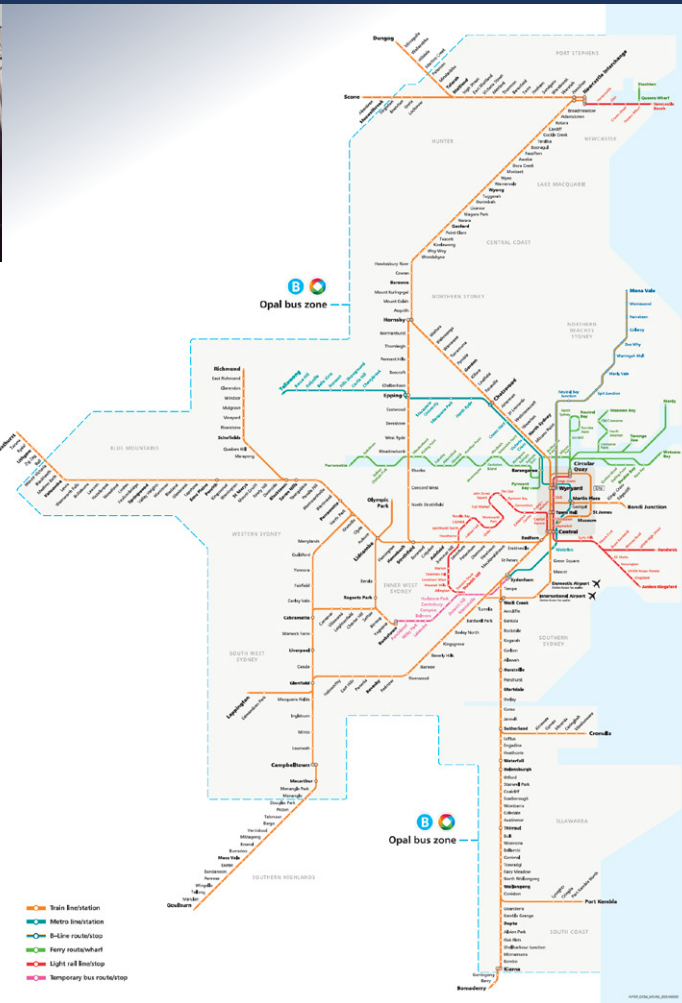
What we heard from stakeholders about our draft report

We received 22 submissions to our draft report, we heard feedback on:

affordability

concession policy (including expanded eligibility for additional student cohorts)

fare package options and caps

service quality and reliability

draft fares for the Newcastle-Stockton Ferry service

mode-based or distance based fare prices.

> Affordability issues raised by stakeholders included concerns about increasing public transport fares when there are cost-of-living pressures. Some stakeholders suggested that lower daily or weekly caps on public transport would help promote affordability and usage. Some stakeholders raised concerns about fare change impacts on areas with lower levels of socio-economic advantage.

> Five submissions to our Draft Report objected to the proposed fare increases for the Newcastle-Stockton Ferry services. These submissions raised concerns about the higher fare increases relative to other modes , others suggested the increase would result in greater rates of driving.

> Service quality or value for money concerns were raised by some stakeholders who consider fare increases are not justified due to the poor service quality and/or reliability of public transport services they experience.

> Some stakeholders raised concerns about mode-based prices. For example, some stakeholders suggested that the fare for very short ferry trips around Sydney Harbour ($7.13) was disproportionally higher than the alternative bus trips (two times higher in the peak and 3 times higher in the off-peak). Another example was the shortest ferry distance band is $0.10 lower than the fare to travel 65 kilometres or greater on a train during off-peak hours.

In addition to the feedback we received on our draft report, and as part of our review process we engaged extensively with stakeholders:

498 survey responses

594 quick poll responses

44 ideas shared

23 submissions to the issues paper

22 submissions to the draft report

Most stakeholders were concerned about **affordability and access** to reliable public transport.

Changes since our draft report

In response to stakeholder feedback and further analysis, we made the following key changes in the final determination and report:

The maximum fare for the Newcastle-Stockton ferry will remain at its current level and will not increase in real terms (0% real increase in maximum fares rather than 7% increase proposed at draft).

We have included an 18-month transition period for Transport for NSW to complete and publish its revised rail trip distance calculation.

We have made recommendations for Transport for NSW to further consider eligibility for concession policy, short ferry bands in Sydney and information provision.

These, and other changes, are described in more detail below.

Our approach for this review

After receiving a referral from the Minister in September 2023 we commenced our review.

In setting the maximum fares, we must consider a range of matters within the referral and the _Passenger Transport Act_, 2014 (the Act), these are summarised below and listed in detail in our full report.

Figure 1.1 Mandatory considerations of our review

Mode and distance based structure	Protecting customers from abuses of monopoly power	Ensuring affordability for disadvantaged people	Managing demand and optimising network efficiency
Incorporating new services into the Opal fare structure	Impact on use of network and sustainable travel	Social impact of the determination	Cost recovery post COVID-19
Cost of providing the services	Greater efficiency to reduce costs to consumers and taxpayers	Effect on the level of Government funding	Impact of prices on quality, reliability and safety standards

Our review considered these matters by grouping them into 6 fare setting objectives:

1	**2**	**3**	**4**	**5**	**6**
Fares create value for customers.	Fares ensure accessibility of public transport.	Fares are simple and flexible.	Fares support better travel options.	Fares maximise community benefit.	Fares support financial and operational performance.

Each of the matters we are required to consider sits within one of the 6 fare setting objectives. In making our decisions and recommendations we tested them against our fare setting objectives.

Our review commenced with an issues paper calling for feedback on the key issues and our proposed fare setting objectives. We received stakeholder views through submissions, at our public hearing or responses to one of our "Have Your Say" feedback tools (survey, quick poll and ideas board)

We used this feedback together with cost data, patronage and service information obtained from Transport for NSW to complete analysis and modelling. We published our draft determination and report in August, held a public hearing and called for submissions. We considered what we heard from stakeholders in preparing our Final Report. The timeline of key activities are presented below and a more detailed description of the process can be found in chapter 8 in our full report.

Referral from Minister
September 2023

Issues Paper released
January 2024

Have Your Say survey
February 2024

Draft Report
August 2024

Public Hearing
September 2024

Final Report
October 2024

Our decisions on the determination of maximum Opal fares are:

1. To set maximum fares for Opal services from 1 January 2025 using:

    a. mode-based default distance bands and maximum fares as set out in Table 2.1 to Table 2.5; (see the tables on the next page or our full report Section 2.1 for this information), and

    b. a maximum average fare of $4.76 (excluding GST, $2024-25).

2. To set maximum fares for on demand services at the same level as the maximum fares for the relevant mode and distance.

3. That the maximum fares change by the change in the All groups Consumer Price Index (CPI) in Sydney each year from 1 July.

4. That the distance of a train trip from 1 July 2026 is determined by:

    a. the track distance specified by Transport for NSW on its website, or

    b. if Transport for NSW does not or ceases to publish track distances on its website, the shortest distance by rail between the departure point and the destination point.

5. That the CBD increment is removed from the calculation of the distance of a train trip from 1 July 2026.

Maximum mode based fares using default distance bands

Table 2.1 Maximum fares for train services ($2024-25, excluding GST)

Distance band (km)	Maximum fare 2025-2028
0 to ≤ 10	$4.17
> 10 to ≤ 20	$5.30
> 20 to ≤ 35	$6.09
> 35 to ≤ 65	$8.13
> 65	$10.45

Table 2.2 Maximum fares for light rail services ($2024-25, excluding GST)

Distance band (km)	Maximum fare 2025-2028
0 to ≤ 3	$3.02
> 3 to ≤ 8	$4.40
> 8 to ≤ 20	$5.65
> 20	$6.03

Table 2.3 Maximum fares for bus services ($2024-25, excluding GST)

Distance band (km)	Maximum fare 2025-2028
0 to ≤ 3	$3.02
> 3 to ≤ 8	$4.40
> 8 to ≤ 20	$5.65
> 20	$6.03

SYDNEY

Table 2.4 Maximum fares for ferry services

Distance band (km)	Maximum fare 2025-2028
0 to ≤ 9	$7.19
> 9	$9.00

NEWCASTLE STOCKTON

Table 2.5 Maximum fares for the Newcastle-Stockton ferry service ($2024-25, excluding GST)

Distance band (km)	Maximum fare 2025-2028
Newcastle ferry service	$3.02

Our recommendations in our review of Opal fares are:

1. That Transport for NSW publish its approach to calculating rail track distances prior to 1 July 2026 and ensure the published distances are updated in a timely way.

2. That the Minister for Transport consider extending the eligibility for Concession Opal to holders of a Commonwealth Health Care Card and/or Low Income Health Care Card.

3. That Transport for NSW consider how it may work with the higher education sector, including government stakeholders such as Study NSW, to explore the costs and benefits of providing concession discounts on public transport for student cohorts currently excluded from such arrangements.

4. That Transport for NSW consider clarifying the objectives of peak and off peak pricing ensuring they remain appropriate in the post-COVID environment, and review current peak and off-peak arrangements (including times, fares, demand management and timetables) to ensure consistency with the objectives.

5. That Transport for NSW consider reviewing the relativities between fare types, discounts, caps and other elements of the Opal fare package, ensuring fare change events apply consistently across the fare package.

6. Where significant impacts to service quality occur, Transport for NSW should consider whether fares should be reduced, or other rebates can be offered to compensate for inconvenience or increased travel/wait times.

7. That Transport for NSW consider reviewing its processes to minimise instances of overcharging including:

   a. Providing simple and clear information in both non-digital and digital formats

   b. Ease with which customers can access refunds for overcharging: when Opal readers malfunction or there are other circumstances beyond passenger's control.

8. That Transport for NSW consider conducting a study into the attitudes and motivations of its passengers towards ticketing non-compliances to understand and cost-effectively address any increase in fare non-compliances and reduce any associated revenue losses since 2019.

9. That Transport for NSW consider creating a shorter ferry band in Sydney where there is sufficient evidence that a short ferry journey may improve external benefits of replacing a longer road journey.