

26 September 2017

WHAT

IPART is conducting a review to determine maximum fares that seven private ferry operators can charge in the four years from 1 January 2018 to 31 December 2021.

We have released our Draft Report which sets out our draft decision on maximum fares, explains how we made our draft decision, and seeks stakeholder feedback.

WHY

Each of the seven ferry operators has service contracts with Transport for NSW (TfNSW) to provide defined routes in NSW, and therefore the Minister is [able to ask](#) IPART to set maximum fares for these services. On 16 May 2017, the Premier endorsed the Minister's [request](#) for IPART to determine maximum fares for the next four years.

WHO

The ferry services covered by this review operate in the Sydney, Central Coast and North Coast areas. Our draft fares for the determination period each of the services are listed below:

- ▼ Brooklyn Ferry Service – Fares increasing from \$7.30 to \$7.60 in

2018, and increasing by 40 cents each year from 2019 to 2021

- ▼ Central Coast Ferries - Fares increasing from \$7.80 to \$8.00 in 2018, and then in line by the change in the CPI in each year
- ▼ Church Point Ferry Service - Fares increasing from \$8.30 to \$8.70 in 2018, and increasing by 30 to 40 cents each year up to \$9.70 in 2021
- ▼ Clarence River Ferries - Fares increasing from \$8.30 to \$8.60 in 2018, and increasing by 30 cents each year up to \$9.50 in 2021
- ▼ Cronulla and National Park Ferry Service – Fares remaining the same at \$6.40 up to 2021
- ▼ Circular Quay to Darling Harbour (Matilda Cruises)- Fares increasing from \$7.80 to \$8.00 in 2018, and then in line by the change in the CPI in each year
- ▼ Circular Quay to Lane Cove (Matilda Cruises) - Fares increasing from \$7.40 to \$6.00 in 2018, and then in line by the change in the CPI in each year
- ▼ Palm Beach to Mackerel Beach and the Basin (Palm Beach Ferries) - Fares remaining the same at \$8.10 up to 2021
- ▼ Palm Beach to Ettalong and Wagstaffe (Palm Beach Ferries) - Fares remaining the same at \$11.60 up to 2021



HOW

We invited the private ferry operators to propose fares from 2018 to 2021. We received fare proposals from all operators except Clarence River Ferries.

We considered the proposals from Central Coast Ferries and Matilda Cruises to be market-driven and efficient as they face a high level of competition. We made a draft decision to accept their proposals to keep fares constant in real terms.

The remaining five operators face little or no competition. We engaged a consultant, the Centre for International Economics (CIE), to provide advice on these operators' efficient costs. We then estimated the fares that would be required to recover these efficient costs.

Our draft decision is to accept Brooklyn Ferry Service and Church Point Ferry Service's pricing proposals, as their proposed fares reflect efficient costs. Under our draft decision, their fares would increase by 30 to 40 cents each year.

For Cronulla and National Park Ferry Service and Palm Beach Ferries, our draft decision is not to accept their pricing proposals and to freeze the current maximum fares for the next four years. Their proposed fares exceed efficient levels.

Clarence River Ferries did not propose fares. As the current maximum fare is well below our estimated efficient fares, we decided to increase its fares by 30 cents each year.



WHAT NEXT

Submissions on our Draft Report are due by 27 October 2017. We will hold a public hearing on 23 October, and we will consider stakeholder submissions and feedback in making our final decision.

We will provide our Final Report and Determination to the Minister for Transport and Infrastructure in mid-December.