



IPART Independent
Pricing and Regulatory
Tribunal | NSW

Setting maximum Opal fares until 2028

Information Paper | January 2024

Setting maximum Opal fares

The Minister for Transport has asked IPART to determine *appropriate maximum fares* for Opal public transport services until 30 June 2028. Since our previous review, there have been large changes in the use of public transport and new services have commenced or are about to commence.

When we set maximum fares, we will investigate how Transport for NSW operates its Opal services, how much these services cost the Government to run and how they fit within the bigger transport system of Sydney and surrounding areas. We will investigate how people use and want to use these services now and into the future.

This will help us understand how ticket prices, discounts and other fare options can be set to get the most out of our infrastructure and services. Our determination will set maximum fares. We may also provide recommendations for Transport for NSW to consider when setting discounts, caps or other fare options, below the maximum level.

We want to hear from you about your experiences and preferences of Opal services. We want to hear from both users of the Opal network and those who don't use it: industry organisations, contracted service providers and government agencies. We are seeking feedback by 1 March 2024.

Which services are covered by this review?

We are setting maximum fares for most train, metro, bus, light rail, ferry and on-demand services within the Opal network area as defined in our [referral](#).



Train

including Sydney Trains, NSW Trains and Sydney Metro.



Bus

including in the Sydney metro, outer metro and Newcastle areas.



Light rail

including inner west, CBD, south east, Newcastle and Parramatta services.



Ferry

operated by Sydney Ferries and Newcastle Transport.



On-demand

operated in metro and outer metropolitan areas.

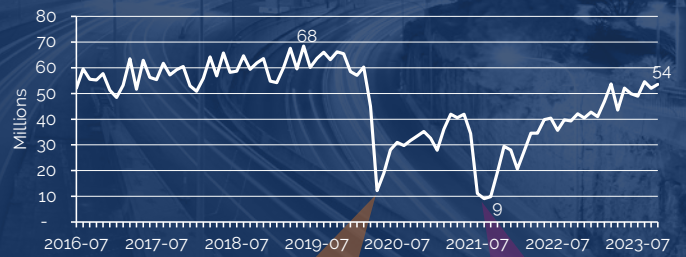


Our determination of maximum fares will take effect when we deliver it in September 2024. The timing and level of actual fare changes below the maximum will be decided by the NSW Government.

Transport networks enable our cities

Modern cities rely on sophisticated, interconnected and well-functioning transport networks to enable our way of life. Technological and preference shifts after the COVID-19 pandemic have changed some of our transport needs. However, transport networks continue to support many of our everyday activities. Work, education and childcare, construction and manufacturing, supply of goods and services, medical treatment, recreation, holidays, leisure activities and many other economic activities rely on our transport networks.

Total monthly Opal trips, all modes (millions)



COVID
restrictions
1

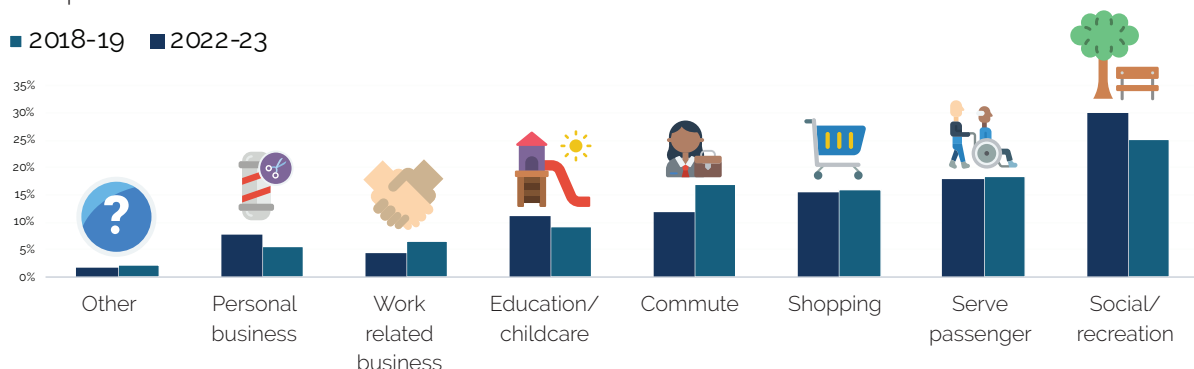
COVID
restrictions
2



NSW travel patterns

Every weekday, 21 million trips are made across Sydney and the surrounding areas for a variety of purposes. The majority of these trips take place by private vehicles, like cars. Only 8% occur by public transport.

■ 2018-19 ■ 2022-23



Integrated transport networks

Private vehicles, commercial services and public transport networks work together to enable the transport needs of our economy.



Public transport

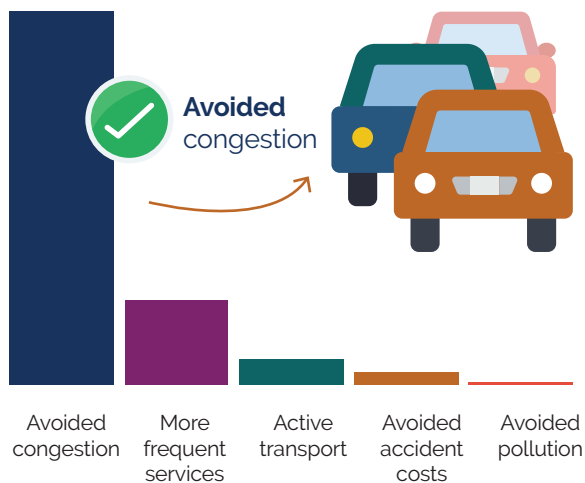
Public transport is a critical pillar of our transport network. It connects people including those without access to private transport options. It facilitates mass transport in and out of busy locations where an equivalent level of private travel would be less efficient or impractical.

E.g. special events such as New Years Eve celebrations, sporting and cultural events or peak hour commutes to business districts.



Private transport

Private transport options such as cars can be more direct and faster but can also have higher financial costs. The purpose and characteristics of the journey may mean it is the most suitable mode.

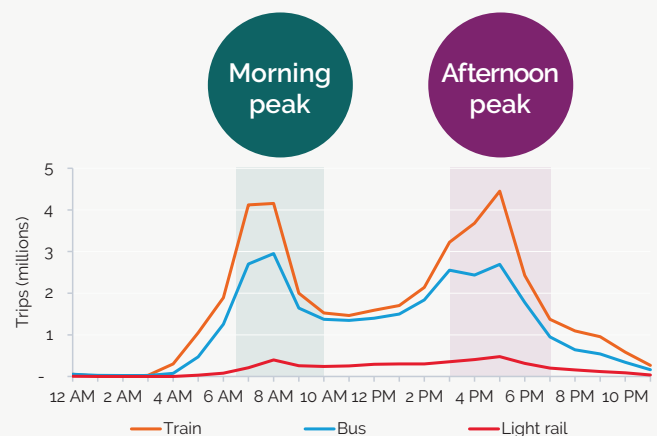


Non-users benefit from Government spending on public transport mainly through reduced road congestion

Where public transport is available it minimises congestion in alternative transport options, usually has a lower pollution and emission output per user per km and can be a lower cost option (when used at its full capacity).

Peak and off peak fares

Peak and off-peak fares are an example of how price can be used to encourage better usage of the public transport network. Where someone can change their travel time to a less busy period, the lower off-peak fare gives them an incentive to do so. When they shift their travel time, they contribute to a less crowded journey during the peak time and free up capacity in the network.





Choosing the right travel mode for the right purpose

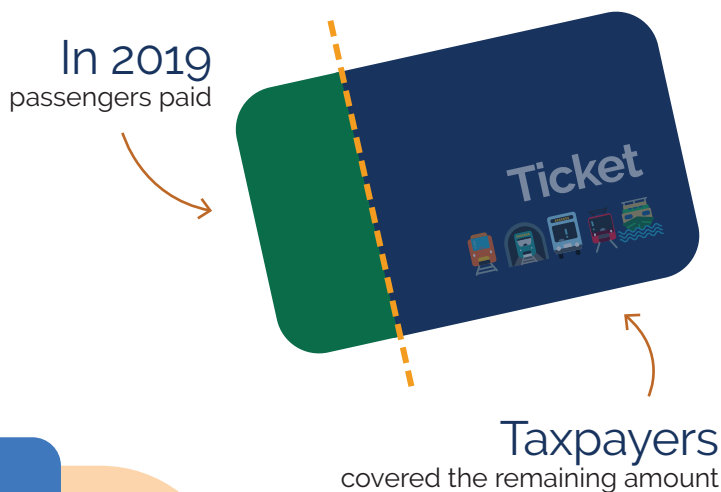
Each time we travel we consider which mode is most suitable for the purpose of travel. For example, a work related trip of an engineer travelling from an office to a construction site with tools and safety equipment, might best take place using a commercial utility vehicle travelling by road. In contrast, a spectator of a football match travelling to a stadium at the same time as 50,000 other spectators might best complete their journey using a special event train service.

When individuals make travel decisions they will consider multiple factors to choose the right option for them. These might include accessibility, comfort, convenience, duration, directness, luggage, number of stops, availability of parking and the price of different options.

We recognise that some people may have limited alternative transport choices.

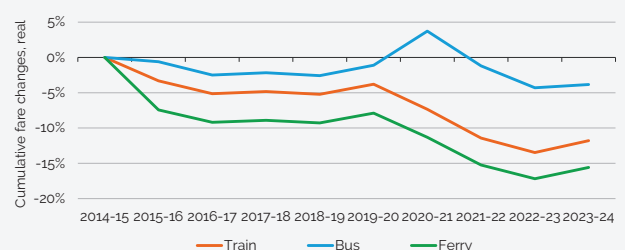
Who pays for public transport

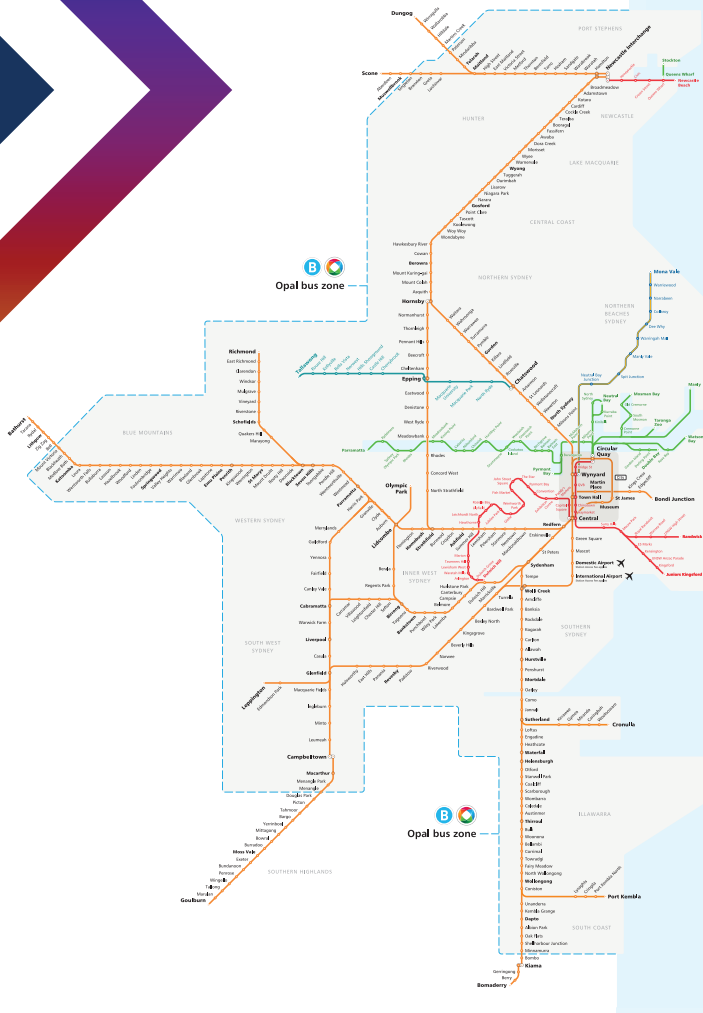
Because public transport benefits both users and non-users, taxpayers subsidise the cost of public transport. Fares only cover a small proportion of the costs of running the public transport services. The last time we estimated cost recovery, we found fares covered about 27% of the total cost of providing services and taxpayers covered the remaining 73%.



Fares have changed by less than inflation

Lower patronage post COVID and the lower real price of fares have reduced fare revenue, and costs have increased due to increased operating and construction costs of new metro and light rail services as well as higher inflation impacting the costs of providing most goods and services across the economy. Because of these factors, we expect that cost recovery (the proportion of transport costs covered by fares) has reduced since 2019.





The Opal network

The Opal network serves Sydney and some of the surrounding areas, including the Blue Mountains, Wollongong, the Central Coast, Newcastle and parts of the Hunter regions.

It includes trains, metros, buses, light rail, most ferries and on-demand services.

Opal fares can be paid for using an Opal card or a contactless payment device such as a debit card, credit card or smart device.

Map current as at January 2024



Our process

We will investigate:





Our review

IPART's role is to determine the maximum fare for Opal services until 2028.

- We will assess the impact of fare changes on customers, users and taxpayers.
- We will consider financial sustainability of the transport network.
- Our review will bring transparency about the sustainability of Government funding and policy outcomes.
- The Government will decide final fare changes as long as they remain below the maximum we determine.



We will consider the impacts of our proposed fare determination. For example, setting the price too high might discourage people who would otherwise take public transport because it is most suitable for their journey. Setting the price too low might result in too many people taking public transport journeys when they didn't need to (because they could have walked or didn't need to travel). This means services can become too crowded, slow down, be overused or need costly extra services.

To find this information we will be speaking to stakeholders such as users of the network, taxpayers, government organisations, operators, contractors and other stakeholders.

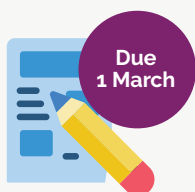




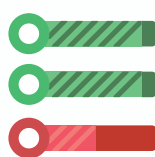
Other factors

We are also required to consider other factors in our decisions and recommendations. These include the costs of providing the services, standards of quality, reliability and safety, consumer protections, affordability and accessibility for disadvantaged groups and cost recovery in the post COVID-19 environment. The full set of factors we are required to consider are presented in Appendix D of the Issues Paper. We will deliver a determination that we think best balances each of the objectives.

For more detail about our review see our full [Issues Paper](#).



[Submit feedback »](#)



[Online survey »](#)



[Workshop »](#)

Have your say

Your input is critical to our review process.

You can get involved by making a submission, submitting feedback or completing a survey

[Submit feedback »](#)

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