

FACT SHEET

Maximum Fares for Rural and Regional Buses from 1 January 2014

November 2013

The Independent Pricing and Regulatory Tribunal (IPART) is responsible for setting the maximum fares that can be charged by rural and regional bus operators for regular passenger services outside metropolitan and outer metropolitan regions. The services covered include regular routes in country towns, and some town to town and village to town services.¹

Maximum fares for rural and regional bus services will increase by 1.9% on 1 January 2014 (before rounding). After rounding fares to the nearest 10 cents, individual maximum fares increase by between 10 cents and \$1.10 depending on the distance travelled. This increase is in line with the estimated change in the costs of providing rural and regional bus services.

Bus operators may charge less than the maximum fares determined by IPART, and many do.

Context for this year's increase

In 2012, IPART put in place a 5-year fare determination for rural and regional bus services. The determination sets out maximum fares as at January 2013 and the method for varying them over the subsequent 4 years. The determination relates to maximum fares for full fare tickets, for each section travelled up to 220 sections (approximately 350 km). We do not set the discount applied to pensioner or student concession fares provided or the price or availability of Regional Excursion Daily tickets, which are all subject to Government policy.

This determination established that there would be annual changes to maximum fares based on the change in cost, as estimated by the Bus Industry Cost Index (BICI) including an adjustment for improved productivity.²

¹ For more information of the services covered see *Rural and regional bus fares from January 2013 – Final Report*, December 2012, p 6.

² From 2015, there will also be a small adjustment to fares to account for the compulsory superannuation rate that progressively increases from 9% to 12%.

Estimated change in the Bus Industry Cost Index (BICI)

The BICI provides an estimate of the change in the costs of providing bus services over a 12-month period. The BICI includes a weighting for each cost and an inflator, as set out in our 2012 determination. It also includes a 0.3% adjustment to account for productivity improvements. For a fuller explanation of how the BICI works, see Appendix A at the end of this Fact Sheet.

Using the BICI calculation specified in our 2012 determination we estimate that the cost of providing rural and regional bus services has increased by 1.9% over the 12 months to June 2013. This is represented in Table 1.

Table 1 Bus Industry Cost Index 2012/13

Cost item	Current weight (%)	Inflator	Inflator value 2013 (%)	Contribution to change (%)
Salaries and wages	43.4	WPI	3.1	1.4
Workers compensation	1.6	WPI	3.1	0.0
Superannuation	3.7	WPI	3.1	0.1
Payroll tax	2.1	WPI	3.1	0.1
Bus fuel and lubricants	9.9	Fueltrac Data	1.6	0.2
Bus repair & maintenance	4.6	CPI – Repair and Servicing	4.3	0.2
Insurance	2.0	CPI – Insurance	10.6	0.2
Bus lease costs	18.3	Bus lease payment	-1.8	-0.3
Other	14.5	CPI	2.5	0.4
Total	100			2.2
Productivity adjustment				0.3
Total cost change				1.9

Note: Totals may not add due to rounding.

Source: IPART.

Changes to individual maximum fares

We apply the change in the BICI for this year (1.9%) to the 2013 unrounded maximum fares set out in our determination (the master fare schedule). We then round the resulting fares to the nearest 10 cents.

The increase in maximum fares this year ranges from 10 cents for short journeys (less than 7 sections, or around 11 km) to \$1.00 or \$1.10 for long journeys (over 125 sections, or around 200 km). A full list of the new maximum fares and how much each fare will change compared with the current maximum is available in Appendix B.

A How the BICI works

The BICI estimates the percentage change in the overall cost of providing bus services in the previous year. It is composed of a basket of bus cost items – including fuel, labour, bus costs and insurance costs. These items are weighted according to their proportion of the overall cost of providing bus services. The weights currently used in the BICI are derived from a 2007 industry survey conducted by Indec consulting, though each item has been subsequently inflated using estimates of their relative price changes over time.³

Each cost item has a relevant ‘inflater’ from a publicly available, independent data source. The inflators are selected on the basis that they provide the best available indication of how the cost item’s price changes over time. For example, the change in salaries and wages is represented by change in the Australian Bureau of Statistic’s wage price index.

When updating the BICI, we establish the changes in inflators over the 12-month review period from June in the previous year to June in the current year. We then multiply the change in each inflator by the weighting of the relevant cost item to establish the contribution of any increase or decrease in the cost item since the beginning of the review period. The contributions are added together and adjusted for productivity to calculate the overall change in costs.

³ In general, weights updated annually through indexation would be expected to diverge from the actual cost weights over time because inflators do not exactly represent the changes in costs, and the industry may use different levels of inputs because of the changes in relative prices or technology.

B Proposed maximum fares from January 2014

Table B.1 Maximum adult rural and regional bus fares for 2014, compared to those that applied in 2013 (inc GST)

Sections	Master/ unrounded fare 2013 \$	Master/ unrounded fare 2014 \$	Maximum adult fare 2013 \$	Maximum adult fare 2014 \$	Change \$	Change %
1	2.23	2.27	2.20	2.30	0.10	4.5%
2	3.30	3.36	3.30	3.40	0.10	3.0%
3	4.12	4.20	4.10	4.20	0.10	2.4%
4	4.84	4.93	4.80	4.90	0.10	2.1%
5	5.47	5.57	5.50	5.60	0.10	1.8%
6	6.10	6.21	6.10	6.20	0.10	1.6%
7	6.61	6.74	6.60	6.70	0.10	1.5%
8	7.14	7.27	7.10	7.30	0.20	2.8%
9	7.63	7.77	7.60	7.80	0.20	2.6%
10	8.08	8.23	8.10	8.20	0.10	1.2%
11	8.49	8.65	8.50	8.60	0.10	1.2%
12	8.94	9.10	8.90	9.10	0.20	2.2%
13	9.31	9.48	9.30	9.50	0.20	2.2%
14	9.74	9.92	9.70	9.90	0.20	2.1%
15	10.11	10.30	10.10	10.30	0.20	2.0%
16	10.42	10.61	10.40	10.60	0.20	1.9%
17	10.81	11.01	10.80	11.00	0.20	1.9%
18	11.18	11.39	11.20	11.40	0.20	1.8%
19	11.48	11.69	11.50	11.70	0.20	1.7%
20	11.85	12.07	11.90	12.10	0.20	1.7%
21	12.16	12.39	12.20	12.40	0.20	1.6%
22	12.52	12.76	12.50	12.80	0.30	2.4%
23	12.82	13.06	12.80	13.10	0.30	2.3%
24	13.10	13.35	13.10	13.30	0.20	1.5%
25	13.43	13.68	13.40	13.70	0.30	2.2%
26	13.69	13.95	13.70	14.00	0.30	2.2%
27	14.01	14.28	14.00	14.30	0.30	2.1%
28	14.26	14.53	14.30	14.50	0.20	1.4%
29	14.53	14.80	14.50	14.80	0.30	2.1%
30	14.83	15.11	14.80	15.10	0.30	2.0%
31	15.09	15.37	15.10	15.40	0.30	2.0%
32	15.39	15.68	15.40	15.70	0.30	1.9%
33	15.66	15.95	15.70	16.00	0.30	1.9%
34	15.91	16.21	15.90	16.20	0.30	1.9%
35	16.15	16.45	16.20	16.50	0.30	1.9%
36	16.44	16.74	16.40	16.70	0.30	1.8%

Sections	Master/ unrounded fare 2013 \$	Master/ unrounded fare 2014 \$	Maximum adult fare 2013 \$	Maximum adult fare 2014 \$	Change \$	Change %
37	16.63	16.94	16.60	16.90	0.30	1.8%
38	16.92	17.24	16.90	17.20	0.30	1.8%
39	17.17	17.49	17.20	17.50	0.30	1.7%
40	17.42	17.75	17.40	17.70	0.30	1.7%
41	17.63	17.96	17.60	18.00	0.40	2.3%
42	17.88	18.22	17.90	18.20	0.30	1.7%
43	18.11	18.45	18.10	18.50	0.40	2.2%
44	18.34	18.69	18.30	18.70	0.40	2.2%
45	18.54	18.89	18.50	18.90	0.40	2.2%
46	18.81	9.17	18.80	19.20	0.40	2.1%
47	19.02	19.38	19.00	19.40	0.40	2.1%
48	19.25	19.61	19.30	19.60	0.30	1.6%
49	19.49	19.86	19.50	19.90	0.40	2.1%
50	19.70	20.07	19.70	20.10	0.40	2.0%
51	19.93	20.31	19.90	20.30	0.40	2.0%
52	20.11	20.49	20.10	20.50	0.40	2.0%
53	20.36	20.74	20.40	20.70	0.30	1.5%
54	20.56	20.94	20.60	20.90	0.30	1.5%
55	20.73	21.12	20.70	21.10	0.40	1.9%
56	20.97	21.37	21.00	21.40	0.40	1.9%
57	21.16	21.56	21.20	21.60	0.40	1.9%
58	21.40	21.80	21.40	21.80	0.40	1.9%
59	21.56	21.96	21.60	22.00	0.40	1.9%
60	21.83	22.24	21.80	22.20	0.40	1.8%
61	21.98	22.40	22.00	22.40	0.40	1.8%
62	22.21	22.63	22.20	22.60	0.40	1.8%
63	22.40	22.82	22.40	22.80	0.40	1.8%
64	22.54	22.97	22.50	23.00	0.50	2.2%
65	22.84	23.27	22.80	23.30	0.50	2.2%
66	23.00	23.43	23.00	23.40	0.40	1.7%
67	23.17	23.60	23.20	23.60	0.40	1.7%
68	23.34	23.78	23.30	23.80	0.50	2.1%
69	23.52	23.96	23.50	24.00	0.50	2.1%
70	23.77	24.22	23.80	24.20	0.40	1.7%
71	28.92	29.46	28.90	29.50	0.60	2.1%
72	28.92	29.46	28.90	29.50	0.60	2.1%
73	28.92	29.46	28.90	29.50	0.60	2.1%
74	28.92	29.46	28.90	29.50	0.60	2.1%
75	28.92	29.46	28.90	29.50	0.60	2.1%
76	28.92	29.46	28.90	29.50	0.60	2.1%

Sections	Master/ unrounded fare 2013 \$	Master/ unrounded fare 2014 \$	Maximum adult fare 2013 \$	Maximum adult fare 2014 \$	Change \$	Change %
77	28.92	29.46	28.90	29.50	0.60	2.1%
78	28.92	29.46	28.90	29.50	0.60	2.1%
79	28.92	29.46	28.90	29.50	0.60	2.1%
80	28.92	29.46	28.90	29.50	0.60	2.1%
81	29.96	30.52	30.00	30.50	0.50	1.7%
82	30.99	31.57	31.00	31.60	0.60	1.9%
83	30.99	31.57	31.00	31.60	0.60	1.9%
84	30.99	31.57	31.00	31.60	0.60	1.9%
85	30.99	31.57	31.00	31.60	0.60	1.9%
86	33.06	33.68	33.10	33.70	0.60	1.8%
87	33.06	33.68	33.10	33.70	0.60	1.8%
88	33.06	33.68	33.10	33.70	0.60	1.8%
89	33.06	33.68	33.10	33.70	0.60	1.8%
90	33.06	33.68	33.10	33.70	0.60	1.8%
91	36.16	36.84	36.20	36.80	0.60	1.7%
92	36.16	36.84	36.20	36.80	0.60	1.7%
93	36.16	36.84	36.20	36.80	0.60	1.7%
94	36.16	36.84	36.20	36.80	0.60	1.7%
95	36.16	36.84	36.20	36.80	0.60	1.7%
96	39.25	39.99	39.30	40.00	0.70	1.8%
97	39.25	39.99	39.30	40.00	0.70	1.8%
98	39.25	39.99	39.30	40.00	0.70	1.8%
99	39.25	39.99	39.30	40.00	0.70	1.8%
100	39.25	39.99	39.30	40.00	0.70	1.8%
101	39.25	39.99	39.30	40.00	0.70	1.8%
102	39.25	39.99	39.30	40.00	0.70	1.8%
103	41.32	42.09	41.30	42.10	0.80	1.9%
104	41.32	42.09	41.30	42.10	0.80	1.9%
105	41.32	42.09	41.30	42.10	0.80	1.9%
106	41.32	42.09	41.30	42.10	0.80	1.9%
107	41.32	42.09	41.30	42.10	0.80	1.9%
108	43.39	44.20	43.40	44.20	0.80	1.8%
109	43.39	44.20	43.40	44.20	0.80	1.8%
110	43.39	44.20	43.40	44.20	0.80	1.8%
111	43.39	44.20	43.40	44.20	0.80	1.8%
112	43.39	44.20	43.40	44.20	0.80	1.8%
113	43.39	44.20	43.40	44.20	0.80	1.8%
114	45.45	46.30	45.50	46.30	0.80	1.8%
115	45.45	46.30	45.50	46.30	0.80	1.8%
116	45.45	46.30	45.50	46.30	0.80	1.8%

Sections	Master/ unrounded fare 2013 \$	Master/ unrounded fare 2014 \$	Maximum adult fare 2013 \$	Maximum adult fare 2014 \$	Change \$	Change %
117	45.45	46.30	45.50	46.30	0.80	1.8%
118	45.45	46.30	45.50	46.30	0.80	1.8%
119	45.45	46.30	45.50	46.30	0.80	1.8%
120	45.45	46.30	45.50	46.30	0.80	1.8%
121	45.45	46.30	45.50	46.30	0.80	1.8%
122	45.45	46.30	45.50	46.30	0.80	1.8%
123	45.45	46.30	45.50	46.30	0.80	1.8%
124	45.45	46.30	45.50	46.30	0.80	1.8%
125	46.49	47.36	46.50	47.40	0.90	1.9%
126	46.49	47.36	46.50	47.40	0.90	1.9%
127	46.49	47.36	46.50	47.40	0.90	1.9%
128	46.49	47.36	46.50	47.40	0.90	1.9%
129	46.49	47.36	46.50	47.40	0.90	1.9%
130	46.49	47.36	46.50	47.40	0.90	1.9%
131	46.49	47.36	46.50	47.40	0.90	1.9%
132	46.49	47.36	46.50	47.40	0.90	1.9%
133	46.49	47.36	46.50	47.40	0.90	1.9%
134	46.49	47.36	46.50	47.40	0.90	1.9%
135	46.49	47.36	46.50	47.40	0.90	1.9%
136	46.49	47.36	46.50	47.40	0.90	1.9%
137	46.49	47.36	46.50	47.40	0.90	1.9%
138	46.49	47.36	46.50	47.40	0.90	1.9%
139	46.49	47.36	46.50	47.40	0.90	1.9%
140	46.49	47.36	46.50	47.40	0.90	1.9%
141	46.49	47.36	46.50	47.40	0.90	1.9%
142	46.49	47.36	46.50	47.40	0.90	1.9%
143	46.49	47.36	46.50	47.40	0.90	1.9%
144	46.49	47.36	46.50	47.40	0.90	1.9%
145	46.49	47.36	46.50	47.40	0.90	1.9%
146	46.49	47.36	46.50	47.40	0.90	1.9%
147	46.49	47.36	46.50	47.40	0.90	1.9%
148	46.49	47.36	46.50	47.40	0.90	1.9%
149	46.49	47.36	46.50	47.40	0.90	1.9%
150	47.52	48.41	47.50	48.40	0.90	1.9%
151	47.52	48.41	47.50	48.40	0.90	1.9%
152	47.52	48.41	47.50	48.40	0.90	1.9%
153	47.52	48.41	47.50	48.40	0.90	1.9%
154	47.52	48.41	47.50	48.40	0.90	1.9%
155	47.52	48.41	47.50	48.40	0.90	1.9%
156	47.52	48.41	47.50	48.40	0.90	1.9%

Sections	Master/ unrounded fare 2013 \$	Master/ unrounded fare 2014 \$	Maximum adult fare 2013 \$	Maximum adult fare 2014 \$	Change \$	Change %
157	47.52	48.41	47.50	48.40	0.90	1.9%
158	47.52	48.41	47.50	48.40	0.90	1.9%
159	47.52	48.41	47.50	48.40	0.90	1.9%
160	47.52	48.41	47.50	48.40	0.90	1.9%
161	47.52	48.41	47.50	48.40	0.90	1.9%
162	47.52	48.41	47.50	48.40	0.90	1.9%
163	47.52	48.41	47.50	48.40	0.90	1.9%
164	47.52	48.41	47.50	48.40	0.90	1.9%
165	47.52	48.41	47.50	48.40	0.90	1.9%
166	47.52	48.41	47.50	48.40	0.90	1.9%
167	47.52	48.41	47.50	48.40	0.90	1.9%
168	47.52	48.41	47.50	48.40	0.90	1.9%
169	49.58	50.51	49.60	50.50	0.90	1.8%
170	50.62	51.57	50.60	51.60	1.00	2.0%
171	50.62	51.57	50.60	51.60	1.00	2.0%
172	50.62	51.57	50.60	51.60	1.00	2.0%
173	50.62	51.57	50.60	51.60	1.00	2.0%
174	50.62	51.57	50.60	51.60	1.00	2.0%
175	50.62	51.57	50.60	51.60	1.00	2.0%
176	50.62	51.57	50.60	51.60	1.00	2.0%
177	50.62	51.57	50.60	51.60	1.00	2.0%
178	50.62	51.57	50.60	51.60	1.00	2.0%
179	50.62	51.57	50.60	51.60	1.00	2.0%
180	50.62	51.57	50.60	51.60	1.00	2.0%
181	50.62	51.57	50.60	51.60	1.00	2.0%
182	50.62	51.57	50.60	51.60	1.00	2.0%
183	50.62	51.57	50.60	51.60	1.00	2.0%
184	50.62	51.57	50.60	51.60	1.00	2.0%
185	50.62	51.57	50.60	51.60	1.00	2.0%
186	50.62	51.57	50.60	51.60	1.00	2.0%
187	50.62	51.57	50.60	51.60	1.00	2.0%
188	50.62	51.57	50.60	51.60	1.00	2.0%
189	50.62	51.57	50.60	51.60	1.00	2.0%
190	50.62	51.57	50.60	51.60	1.00	2.0%
191	50.62	51.57	50.60	51.60	1.00	2.0%
192	50.62	51.57	50.60	51.60	1.00	2.0%
193	50.62	51.57	50.60	51.60	1.00	2.0%
194	50.62	51.57	50.60	51.60	1.00	2.0%
195	50.62	51.57	50.60	51.60	1.00	2.0%
196	50.62	51.57	50.60	51.60	1.00	2.0%

Sections	Master/ unrounded fare 2013 \$	Master/ unrounded fare 2014 \$	Maximum adult fare 2013 \$	Maximum adult fare 2014 \$	Change \$	Change %
197	50.62	51.57	50.60	51.60	1.00	2.0%
198	51.65	52.62	51.70	52.60	0.90	1.7%
199	51.65	52.62	51.70	52.60	0.90	1.7%
200	51.65	52.62	51.70	52.60	0.90	1.7%
201	51.65	52.62	51.70	52.60	0.90	1.7%
202	51.65	52.62	51.70	52.60	0.90	1.7%
203	51.65	52.62	51.70	52.60	0.90	1.7%
204	51.65	52.62	51.70	52.60	0.90	1.7%
205	51.65	52.62	51.70	52.60	0.90	1.7%
206	51.65	52.62	51.70	52.60	0.90	1.7%
207	51.65	52.62	51.70	52.60	0.90	1.7%
208	51.65	52.62	51.70	52.60	0.90	1.7%
209	51.65	52.62	51.70	52.60	0.90	1.7%
210	53.72	54.73	53.70	54.70	1.00	1.9%
211	53.72	54.73	53.70	54.70	1.00	1.9%
212	53.72	54.73	53.70	54.70	1.00	1.9%
213	53.72	54.73	53.70	54.70	1.00	1.9%
214	53.72	54.73	53.70	54.70	1.00	1.9%
215	53.72	54.73	53.70	54.70	1.00	1.9%
216	53.72	54.73	53.70	54.70	1.00	1.9%
217	53.72	54.73	53.70	54.70	1.00	1.9%
218	53.72	54.73	53.70	54.70	1.00	1.9%
219	53.72	54.73	53.70	54.70	1.00	1.9%
220	57.85	58.93	57.80	58.90	1.10	1.9%

Note: Adult fares are equal to the master fare round to the nearest 10 cents.