

FACT SHEET

Maximum fares for rural and regional buses from 1 January 2015

November 2014

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 2.1% on 1 January 2015 (before rounding). After rounding fares to the nearest 10 cents, fares for very short distances (less than 3 sections) will not change. For other trips individual maximum fares increase by between 10 cents and \$2.40 depending on the distance travelled. This increase is in line with our estimate of the change in the costs of providing rural and regional bus services that has occurred over the past year.

Bus operators can 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.

¹ For more information on the services covered see: IPART, *Rural and regional bus fares from January 2011 – Final Report*, December 2012, p 6.

From 1 July 2014 the superannuation guarantee rate (the minimum superannuation contribution that employers are required to make for their employees) increases progressively from 9% until it reaches 12%.² The rate is scheduled to increase by 0.5% on 1 July each year until it reaches 12%. From 2015, our determination makes a small adjustment to maximum fares each year to account for the increase in the rate of compulsory superannuation.

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 and a 0.1% increase to account for the change in the superannuation guarantee rate. For a more detailed 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 2.1% over the 12 months to June 2014. This is represented in Table 1.

Table 1 Bus Industry Cost Index 2013/14

Cost item	Current weight (%)	Inflator	Inflator value 2014 (%)	Contribution to change (%)
Salaries and wages	43.8	WPI	2.5%	1.1%
Workers compensation	1.6	WPI	2.5%	0.0%
Superannuation	3.7	WPI	2.5%	0.1%
Payroll tax	2.1	WPI	2.5%	0.1%
Bus fuel and lubricants	9.8	FUELtrac Data	8.0%	0.8%
Bus repair & maintenance	4.7	CPI – Repair and Servicing	-1.2%	-0.1%
Insurance	2.2	CPI – Insurance	2.1%	0.0%
Bus lease costs	17.6	Bus lease payment	-0.6%	-0.1%
Other	14.6	CPI	2.6%	0.4%
Sub-total	100			2.3%
Productivity adjustment				0.3%
Superannuation adjustment				0.1%
Total cost change				2.1%

Note: Totals may not add due to rounding.

Source: IPART.

² Australian Taxation Office, Superannuation Guarantee rate rise <https://www.ato.gov.au/Business/Employers-super/In-detail/FAQs/Super-reform---questions-and-answers-for-employers/?page=1#Superannuation_guarantee_rate_rise_and_upper_age_limit_removal> accessed 12 November 2014.

Changes to individual maximum fares

We apply the change in the BICI for this year (2.1%) to the 2014 unrounded maximum fares set out in our determination (the master fare schedule). We then round the resulting fares to the nearest 10 cents.

Fares for very short journeys (less than 3 sections) will not change. For very long journeys (220 sections, or around 350 kms) maximum fares will increase by \$2.40. For other journeys, the increase in maximum fares this year ranges from 10 cents for short journeys (less than 7 sections, or around 11 km) to \$1.20 for longer journeys (210-219 sections, or 335-350 kms). 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 ‘inflator’ 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 2015

Table B.1 Maximum adult rural and regional bus fares for 2015, compared to those that applied in 2014 (including GST)

Sections	Master/ unrounded fare 2014 \$	Master/ unrounded fare 2015 \$	Maximum adult fare 2014 \$	Maximum adult fare 2015 \$	Change \$	Change %
1	2.27	2.32	2.30	2.30	0.00	0.0%
2	3.36	3.43	3.40	3.40	0.00	0.0%
3	4.20	4.29	4.20	4.30	0.10	2.4%
4	4.93	5.03	4.90	5.00	0.10	2.0%
5	5.57	5.69	5.60	5.70	0.10	1.8%
6	6.21	6.34	6.20	6.30	0.10	1.6%
7	6.74	6.88	6.70	6.90	0.20	3.0%
8	7.27	7.42	7.30	7.40	0.10	1.4%
9	7.77	7.94	7.80	7.90	0.10	1.3%
10	8.23	8.40	8.20	8.40	0.20	2.4%
11	8.65	8.83	8.60	8.80	0.20	2.3%
12	9.10	9.29	9.10	9.30	0.20	2.2%
13	9.48	9.68	9.50	9.70	0.20	2.1%
14	9.92	10.13	9.90	10.10	0.20	2.0%
15	10.30	10.51	10.30	10.50	0.20	1.9%
16	10.61	10.83	10.60	10.80	0.20	1.9%
17	11.01	11.24	11.00	11.20	0.20	1.8%
18	11.39	11.63	11.40	11.60	0.20	1.8%
19	11.69	11.94	11.70	11.90	0.20	1.7%
20	12.07	12.33	12.10	12.30	0.20	1.7%
21	12.39	12.65	12.40	12.60	0.20	1.6%
22	12.76	13.02	12.80	13.00	0.20	1.6%
23	13.06	13.33	13.10	13.30	0.20	1.5%
24	13.35	13.63	13.30	13.60	0.30	2.3%
25	13.68	13.97	13.70	14.00	0.30	2.2%
26	13.95	14.24	14.00	14.20	0.20	1.4%
27	14.28	14.57	14.30	14.60	0.30	2.1%
28	14.53	14.84	14.50	14.80	0.30	2.1%
29	14.80	15.11	14.80	15.10	0.30	2.0%
30	15.11	15.43	15.10	15.40	0.30	2.0%
31	15.37	15.69	15.40	15.70	0.30	1.9%
32	15.68	16.01	15.70	16.00	0.30	1.9%
33	15.95	16.29	16.00	16.30	0.30	1.9%
34	16.21	16.55	16.20	16.50	0.30	1.9%
35	16.45	16.80	16.50	16.80	0.30	1.8%
36	16.74	17.09	16.70	17.10	0.40	2.4%

Sections	Master/ unrounded fare 2014 \$	Master/ unrounded fare 2015 \$	Maximum adult fare 2014 \$	Maximum adult fare 2015 \$	Change \$	Change %
37	16.94	17.30	16.90	17.30	0.40	2.4%
38	17.24	17.60	17.20	17.60	0.40	2.3%
39	17.49	17.86	17.50	17.90	0.40	2.3%
40	17.75	18.12	17.70	18.10	0.40	2.3%
41	17.96	18.34	18.00	18.30	0.30	1.7%
42	18.22	18.60	18.20	18.60	0.40	2.2%
43	18.45	18.84	18.50	18.80	0.30	1.6%
44	18.69	19.08	18.70	19.10	0.40	2.1%
45	18.89	19.28	18.90	19.30	0.40	2.1%
46	19.17	19.57	19.20	19.60	0.40	2.1%
47	19.38	19.79	19.40	19.80	0.40	2.1%
48	19.61	20.03	19.60	20.00	0.40	2.0%
49	19.86	20.28	19.90	20.30	0.40	2.0%
50	20.07	20.49	20.10	20.50	0.40	2.0%
51	20.31	20.73	20.30	20.70	0.40	2.0%
52	20.49	20.92	20.50	20.90	0.40	2.0%
53	20.74	21.18	20.70	21.20	0.50	2.4%
54	20.94	21.38	20.90	21.40	0.50	2.4%
55	21.12	21.57	21.10	21.60	0.50	2.4%
56	21.37	21.82	21.40	21.80	0.40	1.9%
57	21.56	22.01	21.60	22.00	0.40	1.9%
58	21.80	22.26	21.80	22.30	0.50	2.3%
59	21.96	22.42	22.00	22.40	0.40	1.8%
60	22.24	22.71	22.20	22.70	0.50	2.3%
61	22.40	22.87	22.40	22.90	0.50	2.2%
62	22.63	23.10	22.60	23.10	0.50	2.2%
63	22.82	23.30	22.80	23.30	0.50	2.2%
64	22.97	23.45	23.00	23.40	0.40	1.7%
65	23.27	23.75	23.30	23.80	0.50	2.1%
66	23.43	23.93	23.40	23.90	0.50	2.1%
67	23.60	24.10	23.60	24.10	0.50	2.1%
68	23.78	24.28	23.80	24.30	0.50	2.1%
69	23.96	24.46	24.00	24.50	0.50	2.1%
70	24.22	24.72	24.20	24.70	0.50	2.1%
71	29.46	30.08	29.50	30.10	0.60	2.0%
72	29.46	30.08	29.50	30.10	0.60	2.0%
73	29.46	30.08	29.50	30.10	0.60	2.0%
74	29.46	30.08	29.50	30.10	0.60	2.0%
75	29.46	30.08	29.50	30.10	0.60	2.0%
76	29.46	30.08	29.50	30.10	0.60	2.0%

Sections	Master/ unrounded fare 2014 \$	Master/ unrounded fare 2015 \$	Maximum adult fare 2014 \$	Maximum adult fare 2015 \$	Change \$	Change %
77	29.46	30.08	29.50	30.10	0.60	2.0%
78	29.46	30.08	29.50	30.10	0.60	2.0%
79	29.46	30.08	29.50	30.10	0.60	2.0%
80	29.46	30.08	29.50	30.10	0.60	2.0%
81	30.52	31.16	30.50	31.20	0.70	2.3%
82	31.57	32.23	31.60	32.20	0.60	1.9%
83	31.57	32.23	31.60	32.20	0.60	1.9%
84	31.57	32.23	31.60	32.20	0.60	1.9%
85	31.57	32.23	31.60	32.20	0.60	1.9%
86	33.68	34.39	33.70	34.40	0.70	2.1%
87	33.68	34.39	33.70	34.40	0.70	2.1%
88	33.68	34.39	33.70	34.40	0.70	2.1%
89	33.68	34.39	33.70	34.40	0.70	2.1%
90	33.68	34.39	33.70	34.40	0.70	2.1%
91	36.84	37.61	36.80	37.60	0.80	2.2%
92	36.84	37.61	36.80	37.60	0.80	2.2%
93	36.84	37.61	36.80	37.60	0.80	2.2%
94	36.84	37.61	36.80	37.60	0.80	2.2%
95	36.84	37.61	36.80	37.60	0.80	2.2%
96	39.99	40.82	40.00	40.80	0.80	2.0%
97	39.99	40.82	40.00	40.80	0.80	2.0%
98	39.99	40.82	40.00	40.80	0.80	2.0%
99	39.99	40.82	40.00	40.80	0.80	2.0%
100	39.99	40.82	40.00	40.80	0.80	2.0%
101	39.99	40.82	40.00	40.80	0.80	2.0%
102	39.99	40.82	40.00	40.80	0.80	2.0%
103	42.09	42.98	42.10	43.00	0.90	2.1%
104	42.09	42.98	42.10	43.00	0.90	2.1%
105	42.09	42.98	42.10	43.00	0.90	2.1%
106	42.09	42.98	42.10	43.00	0.90	2.1%
107	42.09	42.98	42.10	43.00	0.90	2.1%
108	44.20	45.13	44.20	45.10	0.90	2.0%
109	44.20	45.13	44.20	45.10	0.90	2.0%
110	44.20	45.13	44.20	45.10	0.90	2.0%
111	44.20	45.13	44.20	45.10	0.90	2.0%
112	44.20	45.13	44.20	45.10	0.90	2.0%
113	44.20	45.13	44.20	45.10	0.90	2.0%
114	46.30	47.27	46.30	47.30	1.00	2.2%
115	46.30	47.27	46.30	47.30	1.00	2.2%
116	46.30	47.27	46.30	47.30	1.00	2.2%

Sections	Master/ unrounded fare 2014 \$	Master/ unrounded fare 2015 \$	Maximum adult fare 2014 \$	Maximum adult fare 2015 \$	Change \$	Change %
117	46.30	47.27	46.30	47.30	1.00	2.2%
118	46.30	47.27	46.30	47.30	1.00	2.2%
119	46.30	47.27	46.30	47.30	1.00	2.2%
120	46.30	47.27	46.30	47.30	1.00	2.2%
121	46.30	47.27	46.30	47.30	1.00	2.2%
122	46.30	47.27	46.30	47.30	1.00	2.2%
123	46.30	47.27	46.30	47.30	1.00	2.2%
124	46.30	47.27	46.30	47.30	1.00	2.2%
125	47.36	48.35	47.40	48.40	1.00	2.1%
126	47.36	48.35	47.40	48.40	1.00	2.1%
127	47.36	48.35	47.40	48.40	1.00	2.1%
128	47.36	48.35	47.40	48.40	1.00	2.1%
129	47.36	48.35	47.40	48.40	1.00	2.1%
130	47.36	48.35	47.40	48.40	1.00	2.1%
131	47.36	48.35	47.40	48.40	1.00	2.1%
132	47.36	48.35	47.40	48.40	1.00	2.1%
133	47.36	48.35	47.40	48.40	1.00	2.1%
134	47.36	48.35	47.40	48.40	1.00	2.1%
135	47.36	48.35	47.40	48.40	1.00	2.1%
136	47.36	48.35	47.40	48.40	1.00	2.1%
137	47.36	48.35	47.40	48.40	1.00	2.1%
138	47.36	48.35	47.40	48.40	1.00	2.1%
139	47.36	48.35	47.40	48.40	1.00	2.1%
140	47.36	48.35	47.40	48.40	1.00	2.1%
141	47.36	48.35	47.40	48.40	1.00	2.1%
142	47.36	48.35	47.40	48.40	1.00	2.1%
143	47.36	48.35	47.40	48.40	1.00	2.1%
144	47.36	48.35	47.40	48.40	1.00	2.1%
145	47.36	48.35	47.40	48.40	1.00	2.1%
146	47.36	48.35	47.40	48.40	1.00	2.1%
147	47.36	48.35	47.40	48.40	1.00	2.1%
148	47.36	48.35	47.40	48.40	1.00	2.1%
149	47.36	48.35	47.40	48.40	1.00	2.1%
150	48.41	49.43	48.40	49.40	1.00	2.1%
151	48.41	49.43	48.40	49.40	1.00	2.1%
152	48.41	49.43	48.40	49.40	1.00	2.1%
153	48.41	49.43	48.40	49.40	1.00	2.1%
154	48.41	49.43	48.40	49.40	1.00	2.1%
155	48.41	49.43	48.40	49.40	1.00	2.1%
156	48.41	49.43	48.40	49.40	1.00	2.1%

Sections	Master/ unrounded fare 2014 \$	Master/ unrounded fare 2015 \$	Maximum adult fare 2014 \$	Maximum adult fare 2015 \$	Change \$	Change %
157	48.41	49.43	48.40	49.40	1.00	2.1%
158	48.41	49.43	48.40	49.40	1.00	2.1%
159	48.41	49.43	48.40	49.40	1.00	2.1%
160	48.41	49.43	48.40	49.40	1.00	2.1%
161	48.41	49.43	48.40	49.40	1.00	2.1%
162	48.41	49.43	48.40	49.40	1.00	2.1%
163	48.41	49.43	48.40	49.40	1.00	2.1%
164	48.41	49.43	48.40	49.40	1.00	2.1%
165	48.41	49.43	48.40	49.40	1.00	2.1%
166	48.41	49.43	48.40	49.40	1.00	2.1%
167	48.41	49.43	48.40	49.40	1.00	2.1%
168	48.41	49.43	48.40	49.40	1.00	2.1%
169	50.51	51.57	50.50	51.60	1.10	2.2%
170	51.57	52.65	51.60	52.60	1.00	1.9%
171	51.57	52.65	51.60	52.60	1.00	1.9%
172	51.57	52.65	51.60	52.60	1.00	1.9%
173	51.57	52.65	51.60	52.60	1.00	1.9%
174	51.57	52.65	51.60	52.60	1.00	1.9%
175	51.57	52.65	51.60	52.60	1.00	1.9%
176	51.57	52.65	51.60	52.60	1.00	1.9%
177	51.57	52.65	51.60	52.60	1.00	1.9%
178	51.57	52.65	51.60	52.60	1.00	1.9%
179	51.57	52.65	51.60	52.60	1.00	1.9%
180	51.57	52.65	51.60	52.60	1.00	1.9%
181	51.57	52.65	51.60	52.60	1.00	1.9%
182	51.57	52.65	51.60	52.60	1.00	1.9%
183	51.57	52.65	51.60	52.60	1.00	1.9%
184	51.57	52.65	51.60	52.60	1.00	1.9%
185	51.57	52.65	51.60	52.60	1.00	1.9%
186	51.57	52.65	51.60	52.60	1.00	1.9%
187	51.57	52.65	51.60	52.60	1.00	1.9%
188	51.57	52.65	51.60	52.60	1.00	1.9%
189	51.57	52.65	51.60	52.60	1.00	1.9%
190	51.57	52.65	51.60	52.60	1.00	1.9%
191	51.57	52.65	51.60	52.60	1.00	1.9%
192	51.57	52.65	51.60	52.60	1.00	1.9%
193	51.57	52.65	51.60	52.60	1.00	1.9%
194	51.57	52.65	51.60	52.60	1.00	1.9%
195	51.57	52.65	51.60	52.60	1.00	1.9%
196	51.57	52.65	51.60	52.60	1.00	1.9%

Sections	Master/ unrounded fare 2014 \$	Master/ unrounded fare 2015 \$	Maximum adult fare 2014 \$	Maximum adult fare 2015 \$	Change \$	Change %
197	51.57	52.65	51.60	52.60	1.00	1.9%
198	52.62	53.72	52.60	53.70	1.10	2.1%
199	52.62	53.72	52.60	53.70	1.10	2.1%
200	52.62	53.72	52.60	53.70	1.10	2.1%
201	52.62	53.72	52.60	53.70	1.10	2.1%
202	52.62	53.72	52.60	53.70	1.10	2.1%
203	52.62	53.72	52.60	53.70	1.10	2.1%
204	52.62	53.72	52.60	53.70	1.10	2.1%
205	52.62	53.72	52.60	53.70	1.10	2.1%
206	52.62	53.72	52.60	53.70	1.10	2.1%
207	52.62	53.72	52.60	53.70	1.10	2.1%
208	52.62	53.72	52.60	53.70	1.10	2.1%
209	52.62	53.72	52.60	53.70	1.10	2.1%
210	54.73	55.87	54.70	55.90	1.20	2.2%
211	54.73	55.87	54.70	55.90	1.20	2.2%
212	54.73	55.87	54.70	55.90	1.20	2.2%
213	54.73	55.87	54.70	55.90	1.20	2.2%
214	54.73	55.87	54.70	55.90	1.20	2.2%
215	54.73	55.87	54.70	55.90	1.20	2.2%
216	54.73	55.87	54.70	55.90	1.20	2.2%
217	54.73	55.87	54.70	55.90	1.20	2.2%
218	54.73	55.87	54.70	55.90	1.20	2.2%
219	54.73	55.87	54.70	55.90	1.20	2.2%
220	58.93	60.17	57.80	60.20	2.40	4.2%

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