

## FACT SHEET

# Review of fares for metropolitan and outer metropolitan bus services from January 2014

May 2013

The *Passenger Transport Act 1990* requires that IPART investigate and report on maximum fares for metropolitan and outer metropolitan bus services in NSW. This includes government and private bus services in Sydney, Newcastle, the Central Coast, Wollongong, the Blue Mountains and the Hunter regions. Our review will determine the maximum fares that will apply from January 2014. We do not review the discount applied to pensioner or other concession tickets. The NSW Government may choose to set fares at or below the maximum level in our determination.

## 1 Overview of metropolitan and outer metropolitan bus services

Transport for NSW is responsible for providing metropolitan and outer metropolitan bus services in NSW. These services are delivered through contracts with a number of bus service providers across 25 regions. The operator for a particular region or regions is paid an amount by the Government to provide bus services in that region to the standard required in the contract and must report on their service performance regularly to Transport for NSW.

IPART has no role in setting or enforcing the bus service contracts. Under the Government's fare harmonisation policy, the same fares apply to all 25 contract regions. Farebox revenue from IPART determined fares does not impact on operators' revenue and is used for reducing the cost to taxpayers of payments under the bus service contracts. Therefore IPART's role in setting maximum bus fares is effectively to allocate the cost of providing bus services between bus passengers and taxpayers.

Currently, the Government is introducing an electronic ticketing system – the Opal card. In December 2012, a trial of the Opal card on Sydney Ferries commenced. The rollout on trains is due to start in second half of 2013 and it will be introduced on buses after that.<sup>1</sup> In introducing the Opal card, the Government will make decisions on the number of tickets offered, frequency discounts, how the level of electronic fares compares to paper fares and policies for concession holders and seniors.

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<sup>1</sup> <http://www.transport.nsw.gov.au/opal>, accessed 24 April 2013.

Our fare review will set maximum fares for the following tickets:

- ▼ MyBus single and TravelTen tickets (MyBus 1-3)
- ▼ Newcastle only time-based single tickets and a periodic TravelPass
- ▼ Other single and return tickets, eg, sports, school term pass.

Other ticket types that may be used for bus travel are the time-based MyMulti multi-mode passes. The maximum fares for these tickets were set as part of our 2012 CityRail fare determination.

An indicative timetable for our review is outlined in Table 1.1 below.

**Table 1.1 Indicative timetable for the review**

Action	Date
Release Issues Paper	16 May 2013
Receive submissions on Issues Paper	14 June 2013
Release draft report and determination as well as consultants' reports on costs and benefits	August/September 2013
Hold public roundtable discussion	September 2013
Receive submissions on draft report and determination and consultants' reports	October 2013
Provide final report and fare determination	Late November 2013

## 2 What factors do we consider when making decisions?

We are required to consider the factors set out in section 28J of the *Passenger Transport Act 1990* and set fares in a way that achieves an appropriate balance between these considerations. The matters we must consider include:

- a. the cost of providing the services concerned
- b. the protection of consumers from abuses of monopoly power in terms of prices, pricing policies and standards of service
- c. the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers
- d. the need to maintain ecologically sustainable development (within the meaning of section 6 of the *Protection of the Environment Administration Act 1991*) by appropriate pricing policies that take account of all of the feasible options to protect the environment
- e. the social impact of the determination
- f. standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise) and any suggested or actual changes to those standards
- g. contractual arrangements prevailing in the industry
- h. such other matters as the Tribunal considers relevant.

### 3 How will IPART decide on maximum fares?

In deciding on fares for metropolitan and outer metropolitan bus services we will consider:

- ▼ how much it would cost an efficient bus operator to provide the contracted bus services in these regions
- ▼ how much of this total efficient cost should be paid for by taxpayers (through government subsidies) and how much should be paid for by bus passengers (through fares), after considering:
  - the total value of the community benefits generated by the bus services
  - the optimal average level of fares to balance the benefits that passengers, motorists and the environment receive from lower fares and the benefits that the service provider (Transport for NSW) and the community receive from higher fares
  - the likely implications for fare affordability and patronage levels
- ▼ whether to set a maximum average increase across all ticket types rather than a maximum for each individual fare.

### 4 How can consumers get involved in this review?

We have released an Issues Paper that provides further details on how we establish efficient costs and how we determine that passengers make a fair contribution to the costs of providing bus services. The Issues Paper is available on our website.

We invite all interested parties to provide written submissions to our Issues Paper addressing the list of issues for comment. Submissions are due by 14 June 2013. We would prefer to receive them electronically via our online submission form <[www.ipart.nsw.gov.au/Home/Consumer\\_Information/Lodge\\_a\\_submission](http://www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission)> or post it to:

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Independent Pricing and Regulatory Tribunal  
PO Box Q290  
QVB Post Office NSW 1230

If you would like further information on making a submission, IPART's submission policy is available on our [website](#).