

## FINAL DECISION ON BUS FARES IN SYDNEY AND SURROUNDING AREAS

**Tuesday 26 November 2013**

The Independent Pricing and Regulatory Tribunal (IPART) today released its final report and determination setting maximum bus fares for the Sydney metropolitan, outer metropolitan, Newcastle, Central Coast, Wollongong, Blue Mountains and Hunter areas to apply for the 4 years from 2014 to 2017.

The determination allows government and private bus operators to increase maximum bus fares by an average of 2.6% in January 2014 and 3.0% each year after that (0.5% above expected inflation in each year).

IPART Chairman Peter Boxall said the determination sets the maximum average fare increase, with changes to individual fares to be set by the Government so they have flexibility for the integration of bus fares into the new Opal card. If the average increase of 2.6% was applied to any MyBus single ticket it would mean an increase of 10 cents, while a TravelTen would increase by between 50 cents to 80 cents.

“The main reason for these fare increases is the cost of an ongoing program of government bus fleet expansion and replacement,” Dr Boxall said “The program aims to improve bus travel for passengers by providing more bus services and replacing aging buses with new, safer, air-conditioned, wheelchair accessible buses.”

Dr Boxall said despite the costs of this program, the fare increases are only 0.5% above inflation each year, reflecting the improved cost control for bus services and appropriate levels of cost recovery from bus users.

“Under the maximum fares in our determination, passengers would pay around 40% of the estimated efficient costs of providing bus services,” Dr Boxall said.

“The remaining 60% of costs would be funded by taxpayers, reflecting both the broader community benefits of bus services, such as reduced traffic congestion and pollution, as well as subsidies for school student and concession tickets.”

“This approach is consistent with the way that we set train and ferry prices and strikes the right balance between passenger revenue and taxpayer subsidies of bus services.”

The final determination is largely consistent with our draft determination, with updated estimates of the cost of capital and inflation. This increased the real annual price change to 0.5%, which is partly offset by a decrease in expected inflation in 2014, resulting in an average fare change of 2.6% in 2014, but 3.0% each year thereafter.

The final report and determination are available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

*Media Contact: Julie Sheather (02) 9290 8403 or 0409 514 643*

## **Background**

The Independent Pricing and Regulatory Tribunal (IPART) is responsible for setting maximum fares for metropolitan and outer metropolitan bus services in NSW. This includes services provided by the NSW Government owned State Transit Authority (STA) and private operators under contracts with Transport for NSW in Sydney, Newcastle, the Central Coast, Wollongong, the Blue Mountains and Hunter regions.

The determination applies to the maximum fares for MyBus single and TravelTen tickets, special event sports tickets, school term passes and all Newcastle time-based tickets and the Newcastle Orange TravelPass. It does not set fares for MyMulti tickets, the Newcastle Green TravelPass or concession tickets (including student fares or the Pensioner Excursion Ticket). All concession fares that can be used on bus services are set by the NSW Government.