

IPART'S DRAFT DECISION ON BUS FARES IN SYDNEY AND SURROUNDING AREAS

Friday 27 September 2013

The Independent Pricing and Regulatory Tribunal (IPART) today released its draft report and determination on bus fares for the 4 years from 2014 to 2017.

The draft determination recommends that bus fares will increase by an average of 2.8% (or 0.3% above the rate of inflation) each year for the next 4 years.

IPART Chairman, Peter Boxall, said that an average fare increase of 2.8% strikes the right balance between passenger revenue and taxpayer subsidies of bus services.

"This 2.8% increase stems from the fact that revenue generated by fares is currently slightly below the fair share that we consider should be funded by passengers," Mr Boxall said.

"Under our draft determination, fares collected from passengers will recover around 40% of the estimated efficient costs of providing bus services. Taxpayers will contribute 40% on the basis of the external benefits generated by these services and a further 20% for the cost to Government of providing concession tickets."

"This approach is consistent with the way that we set train and ferry prices."

"The average fare change set by IPART under this draft determination reflects our estimate of the efficient costs minus the external benefits such as reduced road congestion and reduced greenhouse gas emissions, while also ensuring passengers and taxpayers each fund a fair share of the efficient costs."

IPART is providing the Government flexibility to set the fares for individual bus tickets fares, so that the average fare change does not exceed 2.8%. This will assist Government to integrate bus fares into the Opal card more easily.

An increase of 2.8% would mean, for example, an increase of 10 to 20 cents per single ticket and \$0.80 to \$1.60 for 10 trips on a TravelTen.

This is a draft report and IPART welcomes submissions, which are due on 25 October 2013. The report is available on IPART's website <<http://www.ipart.nsw.gov.au>>.

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 draft 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 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.