



Independent Pricing and Regulatory Tribunal

# **Review of fares for Newcastle Services from 2 January 2008**

Newcastle buses and the Stockton Ferry

**Transport— Report and Determination**  
December 2007





Independent Pricing and Regulatory Tribunal

# Review of fares for Newcastle Services from 2 January 2008

Newcastle buses and the Stockton Ferry

Transport — Report and Determination  
December 2007

© Independent Pricing and Regulatory Tribunal of New South Wales 2007

This work is copyright. The *Copyright Act 1968* permits fair dealing for study, research, news reporting, criticism and review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included.

ISBN 978-1-921328-24-4

The Tribunal members for this review are:

Dr Michael Keating, AC, Chairman

Mr James Cox, CEO & Full Time Member

Ms Sibylle Krieger, Part Time Member

Inquiries regarding this document should be directed to a staff member:

Ineke Ogilvy (02) 9290 8473

Fiona Towers (02) 9290 8420

Independent Pricing and Regulatory Tribunal of New South Wales

PO Box Q290, QVB Post Office NSW 1230

Level 2, 44 Market Street, Sydney NSW 2000

T (02) 9290 8400 F (02) 9290 2061

[www.ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)

# Contents

<b>1</b>	<b>Introduction and overview</b>	<b>1</b>
1.1	Overview of determinations	1
1.2	Structure of report	3
<b>2</b>	<b>IPART's approach to the review</b>	<b>5</b>
2.1	Review process	5
2.2	Matters considered	5
<b>3</b>	<b>Consideration of fares for Newcastle bus services</b>	<b>9</b>
3.1	Key issues raised in submissions	10
3.2	Service quality	11
3.3	Cost changes	13
3.4	Level of costs recovered through fares	16
3.5	Impact of fare increases on passengers	19
3.6	Fare structure and rounding issues	20
3.7	Fares to apply from 2 January 2008	21
<b>4</b>	<b>Consideration of fares for Stockton Ferry services</b>	<b>22</b>
4.1	Key issues raised in submissions	22
4.2	IPART's view of changes in costs	23
4.3	Fares to apply from 2 January 2008	23
	<b>Appendices</b>	<b>25</b>
A	List of submissions and participants at hearing	27
B	Requirements of the Passenger Transport Act	28
C	Requirements of the IPART Act	29



# 1 Introduction and overview

The Independent Pricing and Regulatory Tribunal of New South Wales (IPART) has completed its 2007 review of fares for bus and ferry services provided by Newcastle Buses and Ferries Services (Newcastle Services). Based on this review, IPART has determined the maximum fares that Newcastle Services can charge for these public transport services from 2 January 2008.

## 1.1 Overview of determinations

In relation to Newcastle bus services, IPART has determined that fares should be increased by 3 per cent from 2 January 2008. This increase is in line with the change in the costs of providing these services, and will maintain the current level of costs recovered through fares. It is not expected to have a significant impact on users of the bus services.

The 3 per cent increase should be applied to the master fare scale. This will result in:

- ▼ a weighted average fare increase of 4.8 per cent (due to the effects of rounding)
- ▼ an increase of 10 cents in the price of a one-hour ticket
- ▼ an increase of 70 cents in the price of a TimeTen.

In relation to Stockton Ferry services, IPART has decided that the master fare schedule for a single fare should be increased by 1.33 per cent, in line with the increase in the Commercial Vessel Association Cost Index used to calculate fare increases for private ferries. This will result in an increase in the master single fare from \$2.12 to \$2.15. However, due to the effects of rounding, there will be no change in the fare paid by customers, which will remain at \$2.10.

In reaching its decision on Newcastle bus and ferry fares, IPART considered the requirements of both section 28J of the *Passenger Transport Act 1990* and section 15 of the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act), and aimed to balance the competing interests and concerns that these acts reflect. For example, public transport passengers seek affordable public transport and ongoing improvements in service quality. The Ministry of Transport seeks prices that will provide a suitable level of cost recovery and the ability to enhance services. The general community seeks to maximise the benefits of public transport services to passengers and the environment at least cost to taxpayers. Because of the diversity of these interests and concerns, IPART must trade-off passenger affordability concerns,

service quality expectations and social and environmental benefits against public funding requirements.

IPART decided to increase bus fares by 3 per cent, a weighted average of 4.8 per cent after rounding,<sup>1</sup> for the following reasons:

- ▼ Contract payments under the new bus contract regime increased by 3 per cent in the eight months to June 2007 (compared to the eight months to June 2006), and the Ministry of Transport expects that they will increase by 3.6 per cent over 2007/08.<sup>2</sup>
- ▼ The operating costs of other sectors of the bus passenger industry in NSW have increased in the past year. For example, the bus industry cost index measured a 2.85 per cent increase in costs for rural and regional bus operators over the 12 months to June 2007. This increase is mainly attributed to increases in labour costs and bus capital costs.
- ▼ Newcastle is just one of 25 contract regions facing similar changes in costs, operational performance issues and customer concerns. Given the bus contract regime, IPART considers that it is appropriate to treat Newcastle similarly to other contract regions where IPART has determined a 3 per cent fare increase.
- ▼ On average, Newcastle bus fares have only increased in line with the rate of inflation in recent years.<sup>3</sup>
- ▼ Cost recovery is already at very low levels. Passengers will pay only 17 per cent of the costs of providing Newcastle's bus service in 2007/08.<sup>4</sup>
- ▼ A weighted average bus fare increase of 4.8 per cent fare is unlikely to encourage passengers to switch from using buses to private cars, so the impact on the environment will be minimal.

In making its determination, IPART has balanced the interests of passengers and people who do not use Newcastle's bus and ferry services but are required to pay much of the costs through taxation. IPART notes that the level of cost recovery through fares will remain at around 17 per cent in 2007/08, even though a fare increase has been granted. This means that the contribution made by NSW taxpayers to Newcastle Services' operating costs will increase. This contribution is expected to be around \$16 per household in 2007/08.<sup>5</sup>

---

<sup>1</sup> Fare increases weighted by the number of tickets sold. IPART's own calculation.

<sup>2</sup> The Ministry of Transport expects metropolitan contract payments to increase by \$25 million in 2007/08. IPART has calculated that this is equivalent to a 3.6 per cent increase - see Ministry of Transport submission, October 2007, p 15.

<sup>3</sup> Past IPART fare determinations and ABS for change in the CPI. CPI calculated using all capitals quarterly index numbers, year on year and the Fisher equation.

<sup>4</sup> Costs defined as operating expenditure including depreciation.

<sup>5</sup> Based on annualised contract payments for the 2006/07 year with a 3.6 per cent increase in 2007/08 and 2006 census data on the number of households in NSW published on the ABS website (Cat no. 2068.0).

## 1.2 Structure of report

This report explains IPART's determination in detail, including why it reached its decisions and what those decisions mean to stakeholders. It is structured as follows:

- ▼ Chapter 2 sets out IPART's approach to the review and the matters it considered.
- ▼ Chapter 3 discusses IPART's considerations and decisions on fares for Newcastle buses and TravelPasses.
- ▼ Chapter 4 discusses IPART's considerations and decisions on the single fare for the Stockton Ferry.



## 2 IPART's approach to the review

IPART's role in regulating Newcastle public transport fares is to set the maximum fares that Newcastle Services can charge for the bus and ferry services it provides. IPART's determinations set the maximum full-fare prices only. At present the price of half-fares and concession fares changes automatically in line with the changes to the full-fare prices determined by IPART. However, any changes in the relationship between concessional and full-fare prices are a matter for the NSW Government. IPART does not set other concession fares such as pensioner excursion tickets.

IPART's review process and the matters it took into consideration in reaching its decisions are outlined below.

### 2.1 Review process

To commence the review, IPART wrote to the Ministry of Transport and asked for a fare proposal for Newcastle Services and supporting information. The Ministry of Transport provided this proposal on 28 September 2007, and IPART made it available on its website.

IPART advertised the review in the Sydney Morning Herald, Daily Telegraph, Newcastle Herald and Illawarra Mercury on Wednesday 29 August and again on Wednesday 26 September. It invited stakeholders including members of the public to make submissions on the fare proposal by 26 October. It held a public hearing on 9 November.

A list of submissions and participants at the public hearing is included in Appendix A.

### 2.2 Matters considered

Newcastle's bus services are now supplied under an outer metropolitan bus service contract between Newcastle Services and the Ministry of Transport. This means that IPART must make its fare determination under section 28J of the *Passenger Transport Act 1990*. Newcastle's ferry services (the Stockton Ferry) remain regulated under section 11(1) of the IPART Act.

An overview of the new bus service contract regime is set out in Box 2.1.

---

### **Box 2.1 Overview of the 'new' bus contract regime**

In 2005/06, the NSW Government introduced new Bus Service Contracts across 15 Sydney metropolitan regions as part of its bus reform program. These contracts have now been extended to 10 outer metropolitan regions, including Newcastle.

The contracts specify the terms and conditions of an agreement between the Government, represented by the Ministry of Transport, and individual bus operators to provide bus services in a given contract region (a separate contract has been awarded for each of the 25 contract regions). While the general structure of the contracts is consistent across all regions, specific aspects of the contracts vary from region to region. Individual operators negotiated the exact nature of their contract with the Ministry of Transport, especially with regard to the various initial and ongoing payments.

Sydney Buses, which is part of the State Transit Authority (STA) and is the only publicly owned metropolitan bus operator, was awarded contracts to operate four metropolitan regions. Newcastle Buses and Ferry services (also part of the STA) has the contract in Newcastle. All other operators are privately owned. The Ministry of Transport has indicated to IPART that the STA is treated identically to private bus operators under the contract system.

Each contract has a term of seven years (2005 to 2012), and includes:

- ▼ service requirements
- ▼ compliance requirements
- ▼ payment conditions
- ▼ other general conditions.

The main source of revenue for operators under the contracts is a monthly payment from the Ministry of Transport. This payment is determined according to a formula, and comprises a variety of smaller payments designed to compensate operators for their fixed and variable costs, and their service obligations under their contract. The fare revenue operators collect is used to reduce the amount of the monthly payments made to operators.

In addition, operators may receive a range of other payments from the Ministry of Transport, or be required to pay penalties to the Ministry, at the end of the financial year. Examples of these payments (or penalties) include incentives for increasing patronage and arrangements to share advertising and charter revenue.

The contracts also include extensive requirements for operators to report information to the Ministry of Transport. Notably, operators must report both their financial and operational performance. Much of this information is provided to the Ministry of Transport on a commercial-in-confidence basis. IPART will liaise with the Ministry of Transport to gain access to the information it requires for fare reviews.

This year, the Ministry of Transport provided information on contract payments, farebox and other revenue and cost recovery levels for each of the 25 contract regions. The Ministry of Transport also provided some operational performance information it collects as part of the new contracts, including information on punctuality, complaints and patronage.

---

While the new contract in place for Newcastle bus services means that there are now separate Acts that apply to buses and ferries, the requirements of the two Acts are very similar. In summary, the matters considered by IPART for the review relate to the following:

- ▼ consumer protection—protecting consumers from abuses of monopoly power; standards of quality, reliability and safety of the services concerned; social impact of decisions
- ▼ economic efficiency—the need for greater efficiency in the supply of services
- ▼ financial viability—the cost of providing the services and the extent to which revenue recovers this cost
- ▼ environmental protection—promotion of ecologically sustainable development via appropriate pricing policies.

A full list of the matters considered is contained in Appendix B (Newcastle buses) and Appendix C (Newcastle ferry).



### 3 Consideration of fares for Newcastle bus services

Like metropolitan and other outer metropolitan bus services, Newcastle's bus services are now provided under a 'new' bus service contract. Under this contract, the Ministry of Transport pays Newcastle Services to provide bus services in the Newcastle contract region. The amount paid is governed by the contract, and is largely independent of the level of fares.

This means that IPART's bus fare determinations have little impact on Newcastle Services' revenue, and therefore cannot provide signals or incentives for it to increase its efficiency or better structure its services to meet the needs of its passengers. Instead, these incentives are provided through its service contract with the Ministry of Transport. IPART has no role in setting or enforcing this service contract, and therefore cannot make orders or set targets in relation to aspects of service (such as patronage, efficiency or service standards), as some stakeholders requested.<sup>6</sup>

The Ministry of Transport effectively collects all fare revenue from bus services. Currently, Newcastle Services' fare revenue does not provide a profit for the NSW Government; rather, it goes a small way to reducing the cost of contract payments to taxpayers. IPART's role is to set maximum fares for Newcastle bus services and by doing so, to allocate the amount payable under the bus service contracts between passengers and taxpayers.

In considering appropriate maximum fares for Newcastle bus services, IPART considered:

- ▼ the issues raised in stakeholder submissions
- ▼ the quality of the services provided
- ▼ changes in the costs of providing the services
- ▼ the level of costs recovered through fares
- ▼ the impact of fare increases on passengers, and
- ▼ fare structure and rounding issues.

Each of these issues is discussed below. The final section in this chapter sets out the fares that will apply from 2 January 2008, as a result of IPART's determination.

---

<sup>6</sup> For example, NUSA submission, October 2007, p 9.

### 3.1 Key issues raised in submissions

The Ministry of Transport proposed that fares for Newcastle bus services and the Stockton Ferry increase by 6 per cent, in line with the increase it proposed for metropolitan bus fares. It did not propose any change to the Newcastle time-based fare system.

The Ministry of Transport did not provide detailed reasons for its proposed fare increase, but indicated that it is not seeking to increase the level of costs recovered through fares.

A large number of other stakeholders made submissions. A clear majority of these stakeholders argued that a fare increase was not warranted, and some put the view that a fare reduction would be appropriate. For example, the Throsby Community Forum (TCF) proposed a 25 per cent reduction in fares on the grounds that passengers (or governments) should not be required to pay for inefficiencies in service operation and poor quality service.<sup>7</sup> Similarly, the Newcastle University Students Association (NUSA) proposed that fares be reduced by at least 9 per cent, until services improve.<sup>8</sup>

Stakeholders provided three main reasons why fares should not increase or should decrease. These were that:

- ▼ Newcastle Services' expenditure is inefficient – stakeholders put the view that buses are oversized and the current level of service is wasteful
- ▼ the current service standards are poor – stakeholders argued that services are not well suited to the community, there is a lack of information available, and recent timetable changes have worsened the situation
- ▼ some customers do not have the capacity to pay the fare increases proposed – stakeholders submitted that students and low-income earners cannot afford a 6 per cent increase, particularly as there have been yearly fare increases over the last few years.

However, there were some stakeholders that did not object to a fare increase. For example, Action for Public Transport (APT) considered that a 6 per cent increase in fares would be reasonable and noted that bus service operators appear to be managing service quality glitches well.<sup>9</sup> Another stakeholder suggested that the one-hour ticket be increased by only ten cents to \$3.00, in order to reduce the amount of cash handling and make bus travel more attractive.<sup>10</sup>

---

<sup>7</sup> Throsby Community Forum submission, October 2007.

<sup>8</sup> NUSA submission, October 2007.

<sup>9</sup> APT submission, October 2007, p 1.

<sup>10</sup> Stephen Aitchison submission, October 2007.

## 3.2 Service quality

In determining maximum bus fares, IPART is required to consider standards of quality, reliability and safety of the services (whether those standards are specified by legislation, agreement or otherwise) and any changes to those standards. IPART must also take into account the contractual arrangements prevailing in the industry.

Under the new bus contracts in place, the level of services each bus operator must provide is specified in the service contract between it and the Ministry of Transport. The level of services in the contract is not affected by IPART's fare determination.

Each bus operator is required to report its performance against a number of Key Performance Indicators (KPIs) to the Ministry of Transport on a monthly basis. The contracts ensure that KPI data collected is comparable across the different contract regions. However, the data is more limited than the service standard data the State Transit Authority (STA) provided to IPART in the past.

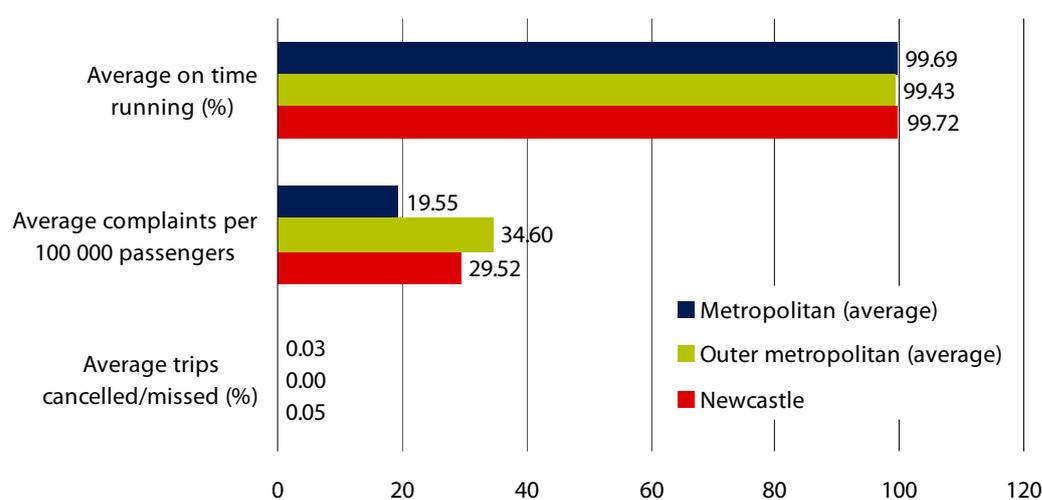
While IPART considers that the collection of comparable data is valuable, it has some concerns about whether the extent of KPI data provided through the contracts is sufficient to provide a full picture of service quality. In previous years, Newcastle Services has provided substantially more information to IPART than is collected under the new bus contract regime (Table 3.1)

**Table 3.1 Service quality indicators**

Service quality indicators previously provided	Service quality indicators provided in 2007
<b>Reliability</b>	
▼ On-time running	▼ On-time running
▼ Service reliability	▼ Service reliability
▼ Mechanical reliability	
▼ Traffic reliability	
<b>Safety</b>	
▼ Safety incidents	
▼ Security incidents	
<b>Comfort</b>	
▼ Average bus age	
<b>Convenience</b>	
▼ Total kilometres	▼ Total kilometres
▼ Passenger revenue kilometres	▼ Passenger revenue kilometres
<b>Customer Service</b>	
▼ Complaints	▼ Complaints

The Ministry of Transport provided 11 months of KPI data obtained under the new service contract to IPART in support of its fare proposal. This data indicates that the standard of the services provided by Newcastle Services is not below the standard provided in other contract regions. In particular, it shows that Newcastle Services' performance against its on-time running and cancelled/missed trips KPIs are close to the average for the other nine outer metropolitan contract regions, and it received fewer complaints per 100 000 passengers than the average for the metropolitan contract regions (see Figure 3.1).

**Figure 3.1 Newcastle Services' performance against its KPIs compared with average performance in other contract regions (2006/07)**



**Data source:** Ministry of Transport submission and supporting information.

IPART is concerned that some of the measures included, such as the on-time running measure, which is based on whether the bus left the depot on time,<sup>11</sup> are not useful measures of the level of service provided to passengers. IPART agrees with the Ministry of Transport that these measures should be improved and intends to liaise with the Ministry of Transport to ensure that the Operational Performance Regime that is currently being developed will provide IPART with access to more relevant data on service standards.

In terms of how the level of services has changed over time, the STA indicated at IPART's public hearing that Newcastle Services' performance for on-time running improved over the past year, while the reliability of its services (as measured by trips cancelled/missed) decreased slightly.<sup>12</sup> However, the on-time running measure currently reports whether the bus has left the depot on time and is therefore of limited value.<sup>13</sup>

<sup>11</sup> Ministry of Transport submission, October 2007, p 12.

<sup>12</sup> Peter Rowley at IPART public hearing, 9 November 2007, transcript pp 10-11.

<sup>13</sup> Ministry of Transport submission, October 2007, p 12.

Despite the KPI data provided by the Ministry of Transport, stakeholders were critical of the level of services currently provided by Newcastle Services' buses. For example, at IPART's public hearing, NUSA provided a petition opposing the Ministry of Transport's proposed fare increase and demanding an improved service.<sup>14</sup> NUSA argued that expenditure on service improvements in the Sydney metropolitan area has not been matched in Newcastle. As an example, NUSA pointed out that only 25 per cent of Newcastle buses are wheelchair accessible compared with just over 40 per cent of Sydney buses.<sup>15</sup>

Stakeholders also provided a substantial amount of anecdotal evidence on skipped and delayed services, and information aimed at demonstrating the inadequacy of the timetabling and/or information available to bus users.<sup>16</sup> Stakeholders put the view that recent timetable changes have reduced the level of services and negatively affected patronage.<sup>17</sup> In addition, some stakeholders raised concerns about the quality of bus related infrastructure, such as the safety and level of information provided at bus stops.<sup>18</sup>

Above all else, the common theme in submissions to the review was the need for a higher level of community consultation to better ensure that Newcastle's bus services meet the needs of the community.<sup>19</sup> At IPART's public hearing, the Ministry of Transport and STA advised that a network service review would commence shortly and would involve a process of public consultation. The Ministry of Transport also advised that the resulting operational performance regime is expected to be in place and working from 1 July 2008.<sup>20</sup> IPART supports this process of consultation and expects to see evidence of measurable service improvements provided for its consideration at next year's fare review.

### 3.3 Cost changes

In previous years, Newcastle Services has provided detailed information on its costs and cost performance measures. With Newcastle bus services now being provided under a new bus service contract; this information is no longer available to IPART.

As discussed in section 3.1, stakeholders put the view that the current level of expenditure on Newcastle bus services is inefficient and wasteful.<sup>21</sup> Information provided in support of this view was largely based on observations that, during the

<sup>14</sup> Petition from Newcastle University Students, November 2007.

<sup>15</sup> NUSA submission, October 2007, pp 4-5.

<sup>16</sup> See for example, Darrell Harris submission, October 2007, pp 3-4, Rick Banyard submission, October 2007, Throsby Community Forum submission.

<sup>17</sup> For example, see NUSA submission, October 2007, p 7.

<sup>18</sup> Rick Banyard submission, October 2007, p 2, Throsby Community Forum submission, October 2007, pp 2-3.

<sup>19</sup> For example, see NUSA submission, October 2007, p 8, Throsby Community Forum submission, October 2007, p 2.

<sup>20</sup> Joanna Quilty at IPART public hearing, 9 November 2007, transcript p 10.

<sup>21</sup> For example, see Rick Banyard submission, October 2007, p 1, Rick Banyard submission, September 2007, p 1, Throsby Community Forum submission, October 2007, p 1, Throsby Community Forum submission, September 2007, p 1.

day, routes are serviced by large buses that each pick up only a very small number of passengers.

IPART notes that almost 40 per cent of passengers on Newcastle bus services are students travelling to and from school each day.<sup>22</sup> Where this type of travel represents a significant proportion of total travel, morning and afternoon busy periods are likely to govern the number and size of buses needed.

While IPART acknowledges stakeholders' concerns about the cost-efficiency of Newcastle bus services, it now has no role in providing incentives for cost efficiency through its fare determinations. In addition, it notes that at its public hearing, the STA responded directly to these concerns. The STA advised that Newcastle Services' capital costs are driven by the capacity required at the busiest time of the day, and that the use of smaller buses would increase these costs as it would result in a need for a greater number of buses in the peak times and greater depot capacity. It would also result in more kilometres travelled and higher labour costs.<sup>23</sup>

In considering the changes in the cost of providing Newcastle bus services over the past year, IPART examined the cost information provided by the Ministry of Transport in support of its fare proposal. This related only to the 'costs' incurred by the Ministry of Transport under the service contracts (ie, the monthly contract payments that the Ministry has made to operators, including Newcastle Services). IPART also examined the change in costs for rural and regional bus operators, as measured by the Bus Industry Cost Index (BICI).

### 3.3.1 Cost information provided by Ministry of Transport

At the public hearing, the Ministry of Transport stressed that its proposed fare increase of 6 per cent is not intended to increase the level of costs recovered through bus fares. This suggests that the proposed fare increase is based on changes in the costs of providing bus services. The application of a 6 per cent increase to the Newcastle Services' master fare schedule would result in a weighted average fare increase of around 6.8 per cent.

Newcastle is one of 25 bus contract regions in the metropolitan and outer metropolitan areas. Like the other nine outer metropolitan contract operators, Newcastle Services has not been on the new contract system for sufficient time to allow comparison of this year's contract payments with last year's contract payments. Therefore, IPART considered the changes in contract payments for the Sydney metropolitan contract regions as a proxy for the Newcastle contract region, noting that the basic structure of the contracts is the same for both Sydney metropolitan and outer metropolitan areas, including Newcastle.

---

<sup>22</sup> Information provided by the Ministry of Transport by letter, November 2007.

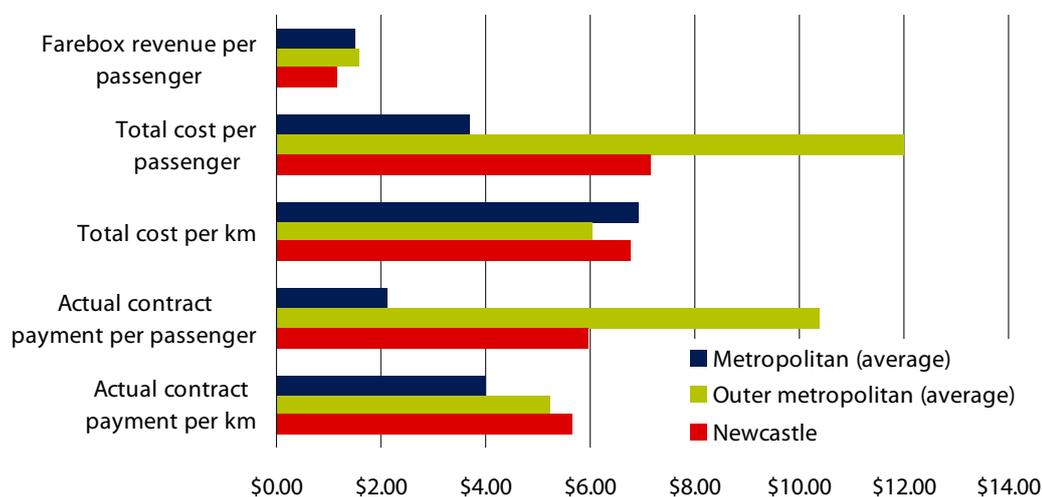
<sup>23</sup> Peter Rowley at IPART public hearing, 9 November 2007, transcript p 25.

Overall, contract payments in the metropolitan contract regions increased by 3 per cent in the eight months to June 2007 (compared with the eight months to June 2006). The Ministry of Transport expects that these contract payments will increase by a further 3.6 per cent in 2007/08.<sup>24</sup>

The incentives for cost efficiency are delivered via the service contracts that are in place. While IPART no longer has a role in providing these incentives, it considers that as an independent regulator, it should continue to have a role in increasing the transparency and accountability of the bus contract regime to ensure that both passengers and taxpayers are not funding inefficient levels of expenditure. The new bus contracts allow comparisons of the costs of providing bus services in each contract region. IPART intends to collect the information provided each year by the Ministry of Transport and undertake periodic benchmarking of these costs to ensure that expenditure on bus services in NSW is efficient and represents value for money for passengers and taxpayers.

Figure 3.2 below compares the available cost data for the Newcastle contract region with the average for the metropolitan and other outer metropolitan contract regions. This information shows that in terms of overall costs, Newcastle services are higher than the average for metropolitan services and lower than the average for non-metropolitan services. However, it also shows that Newcastle has the highest taxpayer contribution on a per kilometre basis.

**Figure 3.2 Comparison of contract revenue and costs across contract regions**



**Note:** Actual 2006/07 data. OMBSC figures exclude Newcastle contract region. Total cost is 'gross contract payments' (direct costs, indirect costs and overheads with no reduction for farebox revenue collected). Actual contract payments are total costs less farebox revenue.

**Data source:** Ministry of Transport, figures have been averaged across regions.

<sup>24</sup> The Ministry of Transport expects metropolitan contract payments to increase by \$25 million in 2007/08. IPART has calculated that this is equivalent to a 3.6 per cent increase - see Ministry of Transport submission, October 2007, p 15.

### 3.3.2 Change in costs for rural and regional bus operators, as measured by the BICI

IPART examined the movement in the bus industry cost index (BICI), which measures the change in costs for rural and regional bus operators, as part of this review. It notes that it received some support for examining costs measured independently of the actual costs incurred by the Ministry of Transport from stakeholders.<sup>25</sup>

For the 12 months to June 2007, bus operators' costs as measured by the BICI have increased by 2.85 per cent. This increase is mainly attributed to increases in labour costs and bus capital costs. IPART considers that this increase should be adjusted to 2.72 per cent, to reflect expected improvements in labour productivity.

IPART recognises that the costs included in the BICI are not directly relevant to those incurred in providing Newcastle bus services. However, it considers that the BICI provides a reasonable indication of how the costs incurred in providing a passenger bus service have changed over the past year. It expects the major cost drivers to be similar between different bus operators, despite differences in size, ownership and operating environments.

### 3.4 Level of costs recovered through fares

Under the new bus contract system, changes in fares have no direct impact on the Newcastle Services' bus-related revenue, because this revenue is now derived solely from the contract payments it receives from the Ministry of Transport. However, its bus fare revenue is collected by the Ministry of Transport, so the level of fares directly affects the proportion of its costs recovered from passengers and the proportion paid for by NSW taxpayers:

- ▼ A reduction in fares would result in an increase in the level of taxpayer funding for Newcastle bus services by reducing the level of cost recovered from passengers.
- ▼ An increase in fares above the changes in contract payments would reduce the level of taxpayer funding, assuming no change in patronage.

In considering its determination on Newcastle bus fares, IPART reviewed the level of costs currently recovered through fares, and the impact of fare changes on this level.

---

<sup>25</sup> Rick Banyard submission, September 2007, p 1.

### 3.4.1 Current level of cost recovery

In 2006/07, the level of costs (measured by contract payments) recovered through bus fares in Newcastle was around 17 per cent. This level is similar to the level of farebox cost recovery in the past few years, and less than the level at the start of this decade (Table 3.2).<sup>26</sup>

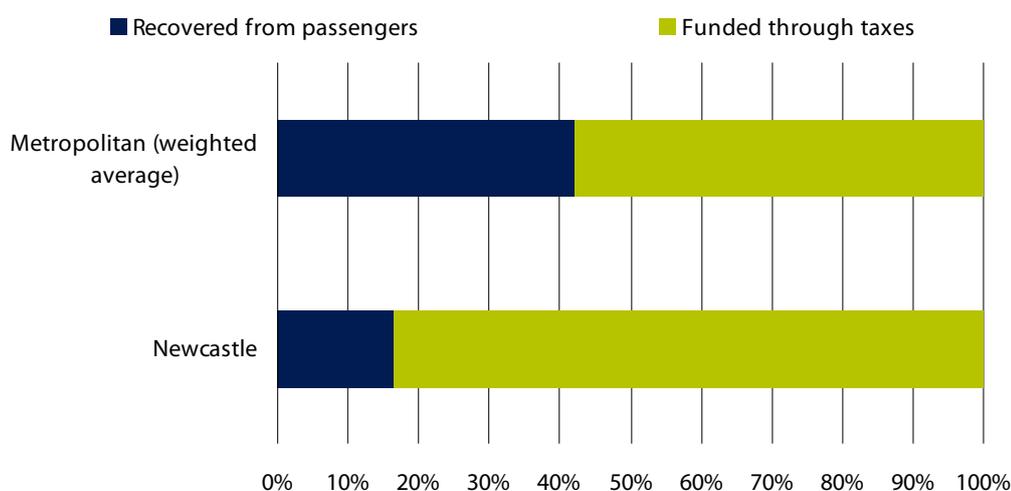
**Table 3.2 Farebox recovery for Newcastle Services**

1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
20.1	18.1	16.8	15.4	14.5	17.2	17.7	16.6

Source: IPART Review of Fares for Newcastle Services from 2 January 2007.

The level of costs recovered through bus fares in Newcastle is significantly below the average level across the metropolitan contract regions, which is around 40 per cent (Figure 3.3).

**Figure 3.3 Proportions of costs recovered from bus passengers and funded through taxes, 2006/07**



Note: includes SSTS payments.

Data source: 2006/07 contract payments to bus operators provided by Ministry of Transport.

The level of cost recovery across regions reflects in part, the different services provided by operators. As well as providing transport for fare paying passengers, bus services provide free school student travel through the School Student Transport Scheme (SSTS). The proportion of passengers that are school students is higher in Newcastle (around 40 per cent) than the average across the metropolitan region (around 16 per cent) and this is likely to be one reason that the level of cost recovery in Newcastle is lower than it is across the metropolitan regions.

<sup>26</sup> Farebox cost recovery is calculated as the proportion of the total cost of the contract that is recovered through fare revenue.

IPART considers that there are good reasons for some level of taxpayer funding in public transport. Public transport produces external benefits that are not considered by private users in their transport decisions. More information is needed to be able to determine the appropriate level of this funding. However, it appears that the level of taxpayer funding currently required to provide Newcastle bus services is comparatively high.

### 3.4.2 Impact of fare changes on cost recovery

The level of costs recovered through fares is affected by both the level of fares and patronage of the service (measured by how many tickets are sold).

The Ministry of Transport's submission noted that fare revenue is expected to rise by less than the percentage increase in fares, as a result of declining patronage.<sup>27</sup>

Stakeholders submitted that declining patronage is not an appropriate reason for a fare increase and, if anything, will lead to a further decline.<sup>28</sup> They cautioned against relying on historical patronage figures, noting that they have been affected by:

- ▼ the introduction of a fare free zone in the Newcastle CBD in December 2004
- ▼ flooding and associated road damage in June 2007.<sup>29</sup>

IPART agrees that fares should not be increased to prevent reductions in the level of costs recovered through fares due to declining patronage.

The revenue forecasts provided by the Ministry of Transport do not incorporate any change in patronage over the coming year. Therefore, IPART undertook its own analysis of the impact of fare changes on the level of costs recovered through fares. IPART's analysis assumes no underlying change in patronage but does capture changes in patronage that are expected to result directly from changes in the level of fares.

Fare elasticity studies suggest that the change in usage of public transport as a result of incremental changes in fares is not very large. In undertaking its analysis, IPART assumed that for each 1 per cent increase in fares there is a reduction in patronage of -0.383 per cent (and vice versa for a fare reduction). This assumption is based on previous IPART analysis.<sup>30</sup>

IPART found that fare reductions in the order of 10 or 25 per cent, as proposed by some stakeholders, would substantially reduce the current level of cost recovery. Given the already low level of cost recovery, IPART considers it would be

---

<sup>27</sup> Ministry of Transport submission, September 2007, p 20.

<sup>28</sup> Rick Banyard submission, October 2007, p 1.

<sup>29</sup> Darrell Harris submission, October 2007, s1.1 and s1.4.

<sup>30</sup> IPART, *An Inquiry into pricing of public passenger transport services – Buses and ferries interim report*, March 1996, p 28.

inappropriate to further reduce the level of costs recovered through fares in the Newcastle region.

IPART also found that there is likely to be a negligible difference in the level of costs recovered by fares with a 6 per cent fare increase and with a 3 per cent fare increase.

### 3.5 Impact of fare increases on passengers

IPART considered the social impact of its determination, including stakeholder views. In particular:

- ▼ Some stakeholders noted that a 6 per cent increase in bus fares would adversely impact bus passengers.
- ▼ NCOSS argued that any increase should not exceed the increase in the CPI over the past 12 months.<sup>31</sup>
- ▼ NUSA submitted that students, particularly those without access to concession fares, would find it difficult to find the money for a 6 per cent fare increase.<sup>32</sup> It also requested that IPART consider passengers' capacity to pay in the context of previous fare increases, which it noted had occurred in Newcastle bus fares over the past 10 years.

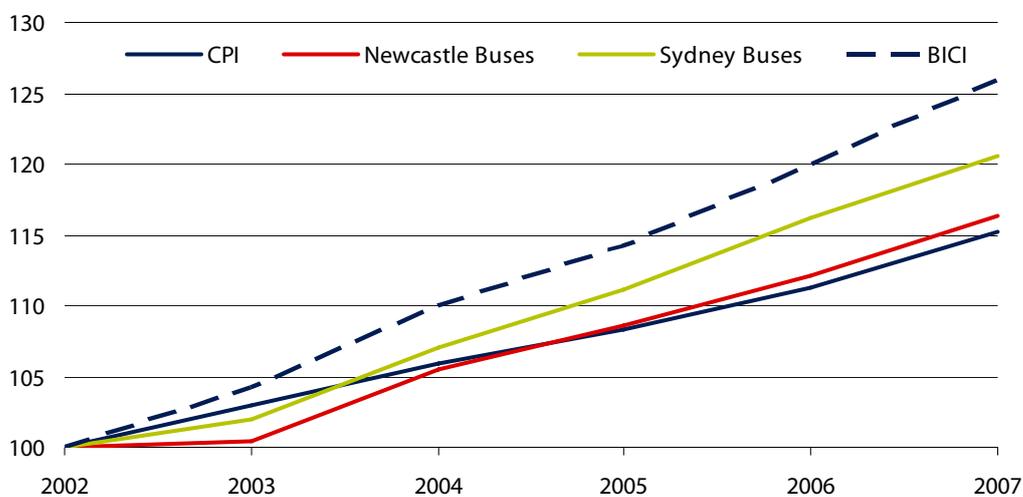
Figure 3.4 provides a comparison of the increases in Newcastle bus fares, Sydney bus fares and the change in the CPI over the past five years. Over this period, Newcastle bus users have seen fare increases well below those of Sydney bus users and only slightly more than the change in the CPI.

IPART also notes that half of Newcastle's passengers are either school students using bus passes or pensioner excursion ticket users. Full fare paying adults represent only around 19 per cent of journeys.<sup>33</sup>

<sup>31</sup> NCOSS submission, November 2007, p 3.

<sup>32</sup> NUSA submission, October 2007, p 3.

<sup>33</sup> Information provided by the Ministry of Transport by letter, November 2007.

**Figure 3.4** Index of fare increases and changes in CPI over the past five years

**Note:** Fare increases in 2002 and 2003 each cover more than a single calendar year due to the timing of the fare reviews. CPI used is for calendar years.

**Data source:** ABS, IPART annual reports.

### 3.6 Fare structure and rounding issues

Unlike the fares in the metropolitan and other outer metropolitan contract regions, fares for Newcastle bus services are time-based rather than distance-based. The Commuter Council submitted that passengers should be given the choice of purchasing a time- or distance-based ticket, and that they should be able to purchase tickets that can be used on either public or private buses.<sup>34</sup> IPART has made no changes to the use of time-based fares in this year's fare determination. The Ministry of Transport has not proposed fare harmonisation between Newcastle bus services and other outer metropolitan services, such as Toronto and the Hunter Valley. IPART is aware that the Ministry of Transport is reviewing the basis for transport fares as part of its work on integrated ticketing.

While IPART understands the benefits of rounding fares to the nearest dollar in order to lessen cash handling and encourage pre-payment, it has decided not to do this at this time. IPART is concerned that this will result in long periods of constant fares, followed by a sharp increase. This is likely to have a significant impact on some bus passengers and means that changes in fares would not be reflective of cost changes for long periods.

<sup>34</sup> Commuter Council submission, October 2007.

### 3.7 Fares to apply from 2 January 2008

Taking into account all of the information discussed above, IPART determined that Newcastle bus fares should be increased by 3 per cent from 2 January 2008. This increase is in line with the change in costs, maintains the current level of cost recovery through fares, and is not likely to have a significant impact on users of the bus service.

As noted in Chapter 1, the 3 per cent increase is to be applied to the master fare schedule. As a result of the effects of rounding, the Newcastle bus fares will increase by a weighted average of 4.8 per cent.

Table 3.3 below sets out the new master fares and ticket prices for Newcastle buses and the extent to which ticket prices have changed since 2007. Please note that Yellow and Pink TravelPasses include a rail component, and the price of these tickets was determined by IPART as part its 2007 determination on CityRail fares, not as part of the 2007 bus review.<sup>35</sup>

**Table 3.3 Fares to apply from 2 January 2008**

	2007 Ticket Price \$	2008 Master Fare \$	2008 Ticket Price \$	Percentage Change %	Absolute Change \$
1 hour	2.90	2.99	3.00	3.45	0.10
4 hours	5.70	5.86	5.90	3.51	0.20
TimeTen 1 hour	24.00	24.70	24.70	2.92	0.70
All Day	8.70	8.96	9.00	3.45	0.30
Orange TravelPass	38.00	39.14	39.00	2.63	1.00

**Note:** Fares for Yellow and Pink TravelPasses are determined by IPART under its determination on CityRail fares (see IPART *City Rail fares from 11 November 2007 Final Report and Determination*, October 2007).

<sup>35</sup> IPART *City Rail fares from 11 November 2007 Final Report and Determination*, October 2007.

## 4 Consideration of fares for Stockton Ferry services

IPART regulates the maximum fares for the ferry services run by Newcastle Services, known as the Stockton Ferry, which runs between Newcastle Harbour and Stockton. The Stockton Ferry is regulated as a government monopoly service under section 11 of the IPART Act. Unlike the bus fare determination, IPART's determination on Stockton Ferry fares does affect Newcastle Services' revenue.

In considering the appropriate maximum single fare for Stockton Ferry services, IPART considered:

- ▼ the issues raised in stakeholder submissions
- ▼ its own view of changes in the costs of providing the services.

The sections below discuss each of these issues, and set out the fares determined by IPART.

### 4.1 Key issues raised in submissions

Consistent with its fare proposal for Newcastle buses, the Ministry of Transport proposed that the maximum single fare for Stockton Ferry service increase by 6 per cent. When applied to the 2007 master fare of \$2.12, and rounded to the nearest 10 cents, this would result in ticket price of \$2.30<sup>36</sup> (which represents an increase of 9.5 per cent compared to the 2007 ticket price).

Some stakeholders submitted that the Ministry of Transport provided no justification for the proposed 6 per cent fare increase.<sup>37</sup> Some also expressed concern that the current cost of running the Stockton Ferry service is inefficient. For example, stakeholders noted that Newcastle Services owns two ferries but only one runs at any time.<sup>38</sup> In addition, there was concern at the amount of time that the ferries are not in use and sit idle.<sup>39</sup>

---

<sup>36</sup> MoT submission, September 2007, p 25. Using IPART calculations, a 6 per cent increase would result in a fare for the Stockton ferry of \$2.20.

<sup>37</sup> Rick Banyard submission, October 2007, p 5.

<sup>38</sup> Rick Banyard submission, September 2007, p 2, Throsby Community Forum submission, October 2007, p 3.

<sup>39</sup> Throsby Community Forum submission, October 2007, p 3.

However, other stakeholders noted that the ferry wharves have recently been upgraded and now provide wheelchair access, and that anecdotal evidence suggests that ferry patronage has been increasing over recent years.<sup>40</sup>

## 4.2 IPART's view of changes in costs

The IPART Act requires IPART to consider the cost of providing the services concerned. In previous years, Newcastle Services provided information to IPART on its costs, revenues, performance against customer-related KPIs and cost efficiencies. This information related to both bus and ferry services, and did not separately identify the information related to the Stockton Ferry. However, this year, IPART did not receive a separate submission from Newcastle Services and the Ministry of Transport provided no information on the costs associated with the Stockton Ferry or on the change in costs experienced in the past year.

IPART notes that the Stockton Ferry is a relatively small operation – involving two ferries, less than 10 staff and approximately 16 000 passenger trips per year. As such, it has a lot in common with Sydney-based private ferry operations. Therefore, IPART considers that it is likely to have similar cost drivers to these operations. Some stakeholders support this view.<sup>41</sup>

IPART makes recommendations on increases to fares for private ferry services, based on movements in a cost index called the Commercial Vessel Association Cost Index (CVACI). This year, IPART recommended an increase of 1.33 per cent to these fares, based on the movement in the CVACI between 1 October 2006 and 30 September 2007 plus a small adjustment for expected improvements in labour productivity.

Although the costs included in the CVACI are not directly relevant to those incurred in providing Stockton Ferry services, IPART is of the view that it is reasonable for it to consider how the costs incurred in providing ferry services have changed over the past year. As noted above, it considers that the major cost drivers are likely to be similar. Therefore it considers that the movement in the CVACI provides a reasonable estimate of the change in the Stockton Ferry costs over the past year.

## 4.3 Fares to apply from 2 January 2008

Taking into account the limited information available to it, IPART is of the view that the single fare for the Stockton Ferry should increase by 1.33 per cent, in line with the change in the CVACI.

This increase is to be applied to the master fare schedule and rounded to the nearest 10 cents. As set out in Table 4.1, this results in no change to the single fare for the Stockton Ferry.

<sup>40</sup> Darrell Harris submission, October 2007, s1.3.

<sup>41</sup> Rick Banyard at IPART public hearing, 9 November 2007, transcript pp 58-59.

**Table 4.1 Single fare for the Stockton Ferry**

	2007 Master Fare \$	2007 Ticket Price \$	2008 Master Fare \$	2008 Ticket Price \$	Per cent change %	Absolute change \$
Stockton Ferry	2.12	2.10	2.15	2.10	0.0	0.0

**Note:** The 2008 Master Fare is slightly lower than \$2.15 – when rounded to the nearest 10 cents it rounds down to 2.10 and not up to 2.20.



**Appendices**



## A List of submissions and participants at hearing

The following tables provide details of the submissions received for the review and the participants in the public hearing held on 9 November 2007.

**Table A.1 List of submissions received**

<b>Submitter</b>	<b>Date received</b>
Action for Public Transport (APT)	10 October 2007
Commuter Council	26 October 2007
Darrell Harris	31 October 2007
Lower Hunter Councils Transport Group	26 October 2007
Newcastle University Students Association (NUSA)	26 October 2007
NSW Council of Social Service (NCOSS)	2 November 2007
NSW Ministry of Transport	28 September 2007
Rick Banyard	20 October 2007
Rick Banyard	18 September 2007
Stephen Aitchison	10 October 2007
Throsby Community Forum	16 October 2007
Throsby Community Forum	27 September 2007

**Table A.2 Participants at the public hearing**

<b>Speaker</b>	<b>Organisation</b>
Mr Allan Miles	Action for Public Transport
Mr Kevin Parish	Commuter Council of New South Wales
Mr Rick Banyard	Individual
Mr Darrell Harris	Individual
Ms Joanna Quilty	Ministry of Transport
Ms Alison Peters	NCOSS
Mr Jonathan Moylan	Newcastle University Students Association
Mr Peter Rowley	State Transit Authority
Mr John Hayes	Throsby Community Forum

## B Requirements of the Passenger Transport Act

Section 28J of the Passenger Transport states that:

1. This section applies to any service contract for a regular bus service that authorises or otherwise permits the holder (or a person providing the service for the holder under a subcontract or other arrangement) to charge passengers of the service a fare for the use of the service.
2. The Independent Pricing and Regulatory Tribunal (the Tribunal) is to conduct investigations and make reports to the Minister on the following matters:
  - a) the determination of appropriate maximum fares for regular bus services supplied under service contracts to which this section applies,
  - b) a periodic review of fare pricing policies in respect of such services.
3. In respect of an investigation or report under this section, the Minister may require the Tribunal to consider specified matters when making its investigations.
4. Division 7 of Part 3 of the Independent Pricing and Regulatory Tribunal Act 1992 is taken to apply to an investigation under this section in the same way as it applies to an investigation under Part 3 of that Act.
5. In making a determination under this section, the Tribunal is to consider the following matters:
  - 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.

## C Requirements of the IPART Act

Section 15 of the IPART Act 1992 details the matters to be considered by the Tribunal when making a determination. The section is reproduced in full below.

### (15) Matters to be considered by Tribunal under this Act

- (1) In making determinations and recommendations under this Act, the Tribunal is to have regard to the following matters (in addition to any other matters the Tribunal considers relevant):
  - (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 standard of services,
  - (c) the appropriate rate of return on public sector assets, including appropriate payment of dividends to the Government for the benefit of the people of New South Wales,
  - (d) the effect on general price inflation over the medium term,
  - (e) the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers and taxpayers,
  - (f) 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 the feasible options available to protect the environment,
  - (g) the impact on pricing policies of borrowing, capital and dividend requirements of the government agency concerned and, in particular, the impact of any need to renew or increase relevant assets,
  - (h) the impact on pricing policies of any arrangements that the government agency concerned has entered into for the exercise of its functions by some other person or body,
  - (i) the need to promote competition in the supply of the services concerned,
  - (j) considerations of demand management (including levels of demand) and least cost planning,

- (k) the social impact of the determinations and recommendations,
- (l) standards of quality, reliability and safety of the services concerned (whether those standards are specified by legislation, agreement or otherwise).
- (2) In any report of a determination or recommendation made by the Tribunal under this Act, the Tribunal must indicate what regard it has had to the matters set out in subsection (1) in reaching that determination or recommendation.
- (3) To remove any doubt, it is declared that this section does not apply to the Tribunal in the exercise of any of its functions under section 12A.
- (4) This section does not apply to the Tribunal in the exercise of any of its functions under section 11 (3).



Independent Pricing and Regulatory Tribunal

# Newcastle Bus and Ferry Services

Determination No. 5, 2007

Reference no. 07/432



# Contents

<b>Preliminary</b>	<b>1</b>
1. Background	1
2. Application of this determination	2
3. Replacement of Determination No. 12 of 2006	2
4. Schedule	3
5. Definitions and Interpretation	3
<b>Schedule 1 - Maximum Fares and Maximum Prices</b>	<b>4</b>
1. Application	4
2. Maximum Fares for STA Newcastle Bus Services	4
3. Maximum Prices for STA Stockton Ferry Services	4
<b>Schedule 2 - Definitions and Interpretations</b>	<b>6</b>
1. Definitions	6
2. Interpretation	7
2.1 General provisions	7
2.2 Explanatory notes and Clarification Notice	7
2.3 Fares and Prices inclusive of GST	7



# Preliminary

## 1. Background

- (1) The State Transit Authority's (STA) Newcastle Buses and Ferries Services division provides:
  - (a) Regulated Bus Services in Newcastle (**STA Newcastle Bus Services**); and
  - (b) Ferry services in Newcastle (**STA Stockton Ferry Services**).

### **STA Newcastle Buses Under the Passenger Transport Act**

- (2) Section 28J(2) of the *Passenger Transport Act 1990* (NSW) permits IPART to conduct investigations and make reports to the Minister on the determination of the maximum fares for Regular Bus Services supplied under a Bus Service Contract (**Regulated Bus Services**).
- (3) In investigating and reporting on the maximum fares for the Regulated Bus Services, IPART has had regard to a broad range of matters, including the criteria set out in section 28J(5) of the *Passenger Transport Act*.

### **STA Stockton Ferry Services**

- (4) Section 11 of the IPART Act provides IPART with a standing reference to conduct investigations and make reports to the Minister on the determination of the pricing of a government monopoly service supplied by a government agency specified in schedule 1 of the IPART Act.
- (5) The STA is listed as a government agency for the purposes of schedule 1 of the IPART Act. The services of the STA declared as monopoly services (**Monopoly Services**) under the *Independent Pricing and Regulatory Tribunal (Passenger Transport Services) Order 1998 (Order)* are the regular passenger services (within the meaning of the *Passenger Transport Act 1990*) supplied by the STA but excluding the following:
  - (a) Services supplied in accordance with the ticket known as the 'Sydney Pass';
  - (b) The bus service known as the "Airport Express";

- (c) The bus service known as the “Sydney Explorer”, the bus services known as the “Bondi & Bay Explorer” and any other similar bus services operating in other areas.
- (6) The STA Stockton Ferry Services are Monopoly Services. Accordingly, IPART may determine maximum prices for the STA Stockton Ferry Services.
- (7) In accordance with section 13A of the IPART Act, IPART has fixed maximum prices for the STA Stockton Ferry Services.
- (8) In investigating and reporting on the pricing of the STA Stockton Ferry Service, IPART has had regard to a broad range of matters, including the criteria set out in section 15(1) of the IPART Act.
- (9) By section 18(2) of the IPART Act, the STA may not fix a price below that determined by IPART for the STA Stockton Ferry Services without the approval of the Treasurer.

## 2. Application of this determination

- (1) This determination fixes:
  - (a) the maximum fares that the STA may charge for STA Newcastle Bus Services; and
  - (b) the maximum prices that the STA may charge for STA Stockton Ferry Services.
- (2) This determination commences on the later of 2 January 2008 and the date that it is published in the NSW Government Gazette (**Commencement Date**).
- (3) This determination applies from the Commencement Date to the date on which this determination is replaced.

## 3. Replacement of Determination No. 12 of 2006

This determination replaces Determination No. 12 of 2006 from the Commencement Date. The replacement does not affect anything done or omitted to be done, or rights or obligations accrued, under Determination No. 12 of 2006 prior to its replacement.

#### **4. Schedule**

Schedule 1 and Tables 1 and 2 in that schedule set out:

- (a) the maximum fares that the STA may charge for the STA Newcastle Bus Services; and
- (b) the maximum prices that the STA may charge for the STA Stockton Ferry Services.

#### **5. Definitions and Interpretation**

Definitions and interpretation provisions used in this determination are set out in Schedule 2.

# Schedule 1 - Maximum Fares and Maximum Prices

## 1. Application

This schedule sets:

- (a) the maximum fares that the STA may charge for STA Newcastle Bus Services; and
- (b) the maximum prices that the STA may charge for STA Stockton Ferry Services.

## 2. Maximum Fares for STA Newcastle Bus Services

The maximum fares that may be charged by the STA for a ticket in column 1 of Table 1 are the corresponding fares in columns 2 and 3 of Table 1.

## 3. Maximum Prices for STA Stockton Ferry Services

The maximum prices that may be charged by the STA for the STA Stockton Ferry Service are set out in Table 2.

**Table 1 Maximum Fares for STA Newcastle Bus Services**

<b>Tickets</b>	<b>Adult (\$)</b>	<b>Concession (\$)</b>
Time-based tickets		
1-hour	\$3.00	\$1.50
4-hour	\$5.90	\$2.90
Time Ten 1-hour	\$24.70	\$12.30
All Day	\$9.00	\$4.50
TravelPass		
TravelPass – orange weekly (Bus and Ferry)	\$39.00	\$19.50

## Notes:

1. Quarterly TravelPass = 11 x weekly fare.
2. Yearly TravelPass = 40 x weekly fare.
3. All half fare concessions have been rounded down to the nearest 10 cents.
4. Time based tickets are for travel anywhere up to the maximum time permitted for the ticket purchased.
5. Children up to their 4th birthday are entitled to travel free.
6. Information on concession beneficiaries on [www.sydneybuses.info/tickets/concession.php](http://www.sydneybuses.info/tickets/concession.php) applies to this determination.
7. For the maximum fares for the Bus, Ferry and Train yellow weekly TravelPass and pink weekly TravelPass, please refer to IPART's Determination No. 3 of 2007, as amended from time to time.

**Table 2 Maximum Prices for STA Stockton Ferry Services**

<b>Tickets</b>	<b>Adult (\$)</b>	<b>Concession (\$)</b>
Ferry		
Stockton Ferry	\$2.10	\$1.00

## Schedule 2 - Definitions and Interpretations

### 1. Definitions

In this determination:

**Bus Service Contract** means a contract complying with section 16 of the *Passenger Transport Act 1990* and entered into for the provision of a Regular Bus Service in Newcastle.

**Commencement Date** means the Commencement Date as defined in clause 2(2) of section 1 (Background) of this determination.

**IPART** means the Independent Pricing and Regulatory Tribunal of New South Wales established under the IPART Act.

**IPART Act** means the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW).

**Monopoly Services** means the Monopoly Services defined in clause 1(5) of section 1 (Background) of this determination.

**Regulated Bus Services** means the services defined in clause 1(2) of section 1 (Background) of this determination.

**Regular Bus Service** has the meaning given to that term in the *Passenger Transport Act 1990*.

**STA** means the STA defined in clause 1(1) of section 1 (Background) of this determination, constituted under the *Transport Administration Act 1988* (NSW).

**STA Newcastle Bus Services** has the meaning given to that term in clause 1(1)(a) of section 1 (Background) of this determination.

**STA Stockton Ferry Services** has the meaning given to that term in clause 1(1)(b) of section 1 (Background) of this determination.

## **2. Interpretation**

### **2.1 General provisions**

In this determination:

- (a) headings are for convenience only and do not affect the interpretation of this determination;
- (b) a reference to a schedule, annexure, clause or table is a reference to a schedule, annexure, clause or table to this determination;
- (c) words importing the singular include the plural and vice versa;
- (d) a reference to a law or statute includes all amendments or replacements of that law or statute; and
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation, other body corporate or government agency.

### **2.2 Explanatory notes and Clarification Notice**

- (a) explanatory notes or footnotes do not form part of this determination, but in the case of uncertainty may be relied on for interpretation purposes.
- (b) IPART may publish a clarification notice in the NSW Government Gazette to correct any manifest error in this determination as if that clarification notice formed part of this determination.

### **2.3 Fares and Prices inclusive of GST**

Fares and Prices specified in this determination include GST.

