

10 November 2009

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

Dear Sir

Re: Review of Fares for Metropolitan and Outer Metropolitan Bus Services

I refer to your draft report and draft determination for bus services dated October 2009.

I note that IPART proposes to increase bus fares by an amount greater than inflation to ensure passengers make a fair contribution to the efficient costs of providing bus services. Therefore no improvement in service is proposed or expected from the fare increases. While your report refers to reforms undertaken in the last four years, in my area I have noted a decrease in the frequency of bus services, although bus services are reasonably reliable in meeting their timetables, large gaps in the frequency of bus services discourage bus use.

While IPART did not propose to change the structure of the fares, I note that fares for short journeys are increasing significantly more than longer journeys. I have used the figure from your draft report to show year by year and aggregate increases proposed in your determination. (see table below)

Proposed IPART Bus Fare  
Increase

										% change
<b>SINGLE TRIP</b>	<b>2009</b>	<b>2010</b>	<b>% change</b>	<b>2011</b>	<b>% change</b>	<b>2012</b>	<b>% change</b>	<b>2013</b>	<b>% change</b>	<b>TOTAL</b>
<b>1-2</b>	1.90	2.00	5.26	2.00	0.00	2.10	5.00	2.20	4.76	<b>15.03</b>
<b>3-5</b>	3.20	3.30	3.12	3.40	3.03	3.50	2.94	3.70	5.71	<b>14.81</b>
<b>6-9</b>	4.20	4.30	2.38	4.50	4.65	4.70	4.44	4.80	2.13	<b>13.60</b>
<b>10-15</b>	5.00	5.20	4.00	5.40	3.85	5.50	1.85	5.70	3.64	<b>13.33</b>
<b>16+</b>	6.10	6.30	3.28	6.50	3.17	6.80	4.62	7.00	2.94	<b>14.01</b>
										% change
<b>Travel 10</b>	<b>2009</b>	<b>2010</b>	<b>% change</b>	<b>2011</b>	<b>% change</b>	<b>2012</b>	<b>% change</b>	<b>2013</b>	<b>% change</b>	<b>TOTAL</b>
<b>1-2</b>	15.20	16.00	5.26	16.00	0.00	16.80	5.00	17.60	4.76	<b>15.03</b>
<b>3-5</b>	25.60	26.40	3.12	27.20	3.03	28.00	2.94	29.60	5.71	<b>14.81</b>
<b>6-9</b>	33.60	34.40	2.38	36.00	4.65	37.60	4.44	38.40	2.13	<b>13.60</b>
<b>10-15</b>	40.00	41.60	4.00	43.20	3.85	44.00	1.85	45.60	3.64	<b>13.33</b>
<b>16+</b>	48.80	50.40	3.28	52.00	3.17	54.40	4.62	56.00	2.94	<b>14.01</b>

The average increase, according to your report is 3.5% per annum and 14.8% over the four years. This table shows that short journeys are increasing at a faster rate than longer journeys. Clearly IPART is proposing that passengers taking short journeys subsidize those taking longer journeys, particularly passengers travelling 6-9 sections and 10-15 sections.

I consider this type of increase to be inequitable and if the fares are to increase then all passengers should be treated equally and shoulder identical fare increases. I have noted that in the past, IPART has increase shorter journeys more than the longer journeys. Passengers taking short journeys should not be cross-subsidizing passengers who travel longer distances. By increasing the fares for short distances, these passengers may become more price sensitive and choose other alternatives rather than catching a bus. These options include walking rather than taking the bus or using a taxi or private vehicle to travel short distances. An increase in the use of taxis or private vehicles would increase road congestion as well as pollution in the environment.

If passengers choose to take alternative transport options this will also be detrimental to the projected revenues of the bus operators. Will a reduction in passenger numbers for short journeys lead to further fare increases to recover the efficient cost of the service? I propose that IPART should be increasing short distance fares by less than the average to encourage greater use of the bus services, rather than increasing the fares disproportionately.

Yours faithfully

Natasha Lee