



MINISTRY OF TRANSPORT

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Mr James Cox
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
Level 2, 44 Market Street
SYDNEY NSW 2000

31 MAR 2006

Dear Mr Cox,

I am writing in response to the Tribunal's call for submissions on the level of bus fares for 2006.

The Ministry of Transport has been authorised to submit the following fare submission on behalf of the Government.

The submission supports a price increase for Rail/Bus/Ferry Travelpass and Daytripper products in line with the most recent annual rise in the Consumer Price Index (CPI).

The Ministry would be happy to provide the Tribunal with any further information it may require in order to assist the determination process.

Yours sincerely,



Jim Glasson
Director General



MINISTRY OF TRANSPORT



**SUBMISSION
TO
THE INDEPENDENT PRICING
AND REGULATORY TRIBUNAL
ON
TRAVELPASS
FARES
FROM JULY 2006**

1. Introduction

The Ministry of Transport is making this submission in support of a price increase for Rail/Bus/Ferry Travelpass and Daytripper products in line with the most recent annual rise in the Consumer Price Index (CPI).

This rise would increase all but one Travelpass product by \$1.00 with only the longest distance product increasing by \$2.00. The Ministry is requesting that IPART determine an increase to Daytripper tickets based on rounding to the nearest 10c rather than the nearest dollar as for Travelpasses. There is a precedent for this and this would increase the price of Daytrippers by \$0.40 if a CPI increase was applied.

2. Background

The last price rise for Rail/Bus/Ferry Travelpasses and Daytrippers became effective on 31 August 2003. Increases for all Travelpasses (including Bus/Ferry products) averaged approximately 5.5% with averages for the previous two determinations being 4.3% and 3% (see Table 1).

CityRail fares were not reviewed by IPART during 2004 or 2005 as the Government considered that service issues did not warrant an increase for customers. When it determined 2006 Government bus and ferry fares, IPART indicated it would not raise prices for any ticket product with a CityRail component. However, although IPART did not determine an increase for Rail/Bus/Ferry Travelpasses, it did determine that an average 3.4% increase for Bus/Ferry Travelpasses would be appropriate.

The table below illustrates the changes in Travelpass pricing since 2000/01.

Travelpass Prices 2000/01 to 2006

Product	2000-01 fare	2001-02 fare	\$ Increase	% increase	2002/03 fare	\$ Increase	% increase
Rail/Bus/Ferry							
Red	\$28.00	\$29.00	\$1.00	3.57%	\$30.00	\$1.00	3.45%
Green	\$36.00	\$37.00	\$1.00	2.78%	\$38.00	\$1.00	2.70%
Yellow	\$39.00	\$41.00	\$2.00	5.13%	\$42.00	\$1.00	2.44%
Pink	\$42.00	\$44.00	\$2.00	4.76%	\$45.00	\$1.00	2.27%
Brown	\$48.00	\$50.00	\$2.00	4.17%	Deleted*	N/A	N/A
Purple	\$56.00	\$58.00	\$2.00	3.57%	\$52.00	-\$6.00	-10.34%
Daytripper	\$13.00	\$13.00	\$0.00	0.00%	\$13.40	\$0.40	3.08%
Bus and Ferry							
Blue	\$25.00	\$26.00	\$1.00	4.00%	\$27.00	\$1.00	3.85%
Orange	\$31.00	\$33.00	\$2.00	6.45%	\$34.00	\$1.00	3.03%
Two-zone	\$25.00	\$26.00	\$1.00	4.00%	\$27.00	\$1.00	3.85%
Pittwater	\$44.00	\$46.00	\$2.00	4.55%	\$47.00	\$1.00	2.17%

* Brown Travelpass deleted and incorporated into Purple Zone. Purple Zone ticket reduced in price by over 10%.

Travelpass Prices 2000/01 to 2006 (Continued)

Product	2003/04 fare	\$ Increase	% Increase	2006 fare	\$ Increase	% Increase
Rail/Bus/Ferry						
Red	\$32.00	\$2.00	6.67%	\$32.00	\$0.00	0.00%
Green	\$40.00	\$2.00	5.26%	\$40.00	\$0.00	0.00%
Yellow	\$44.00	\$2.00	4.76%	\$44.00	\$0.00	0.00%
Pink	\$47.00	\$2.00	4.44%	\$47.00	\$0.00	0.00%
Purple	\$54.00	\$2.00	3.85%	\$54.00	\$0.00	0.00%
Daytripper	\$15.00	\$0.60	4.48%	\$15.00	\$0.00	0.00%
Bus and Ferry						
Blue	\$29.00	\$2.00	7.41%	\$30.00	\$1.00	3.45%
Orange	\$36.00	\$2.00	5.88%	\$37.00	\$1.00	2.78%
Two-zone	\$29.00	\$2.00	7.41%	\$30.00	\$1.00	3.45%
Pittwater	\$49.00	\$2.00	4.26%	\$51.00	\$2.00	4.08%

3. Impact of Travelpass determination on modes other than rail

For IPART's information, the current revenue split between Government operators for Travelpass products is illustrated at Table 2.

Table 2: Revenue Split for Various Travelpass Modes

Product	Bus	Ferry	Bus/Ferry total	Rail
Three-mode (Rail/Bus/Ferry) Travelpasses				
Red	47.41%	3.70%	51.11%	48.89%
Green	39.07%	12.77%	51.84%	48.16%
Yellow	35.48%	3.29%	38.77%	61.23%
Pink	33.41%	2.36%	35.77%	64.23%
Purple	27.78%	3.32%	31.10%	68.90%
Two-mode (Bus/Ferry) Travelpasses				
Blue	89.63%	10.37%	100.00%	0.00%
Orange	67.52%	32.48%	100.00%	0.00%
Pittwater	95.36%	4.64%	100.00%	0.00%
2 Zone	100.00%	0.00%	100.00%	0.00%

4. 'Ticket switching'

It should be noted that IPART itself has expressed concerns about the potential for 'ticket-switching' from TravelTens to Travelpasses with reductions in TravelTen discounts. Although the Ministry has previously indicated that such 'switching' should not be overstated, any increase in the price of Travelpass products may assist in reducing the revenue loss attributable to such 'switching'.

5. Travelpasses and Tcard

The Ministry also asks IPART to note that private bus operators will not be offering Travelpass products under the new metropolitan bus service contracts. This is because Travelpasses may only be used in 'zones' based on radial distances from the CBD and this is not appropriate for the contract areas of private operators. It is also inconsistent with the planning principle of developing a bus network based on linking all identified regional centres. It is therefore not proposed to create further Travelpass zones based on private operator contract areas.

However, Tcard is being developed so that it is able to accommodate all ticket products that are currently available for use on the NSW public transport network.

6. Impact of requested increase on pricing

Product	2006 fare	Increase CPI (2.9%)	Rounded to nearest \$	Actual \$ increase	Actual % increase
<i>Rail/Bus/Ferry</i>					
Red	\$32.00	\$32.93	\$33.00	\$1.00	3.13%
Green	\$40.00	\$41.16	\$41.00	\$1.00	2.50%
Yellow	\$44.00	\$45.28	\$45.00	\$1.00	2.27%
Pink	\$47.00	\$48.36	\$48.00	\$1.00	2.13%
Purple	\$54.00	\$55.57	\$56.00	\$2.00	3.70%
Daytripper	\$15.00	\$15.44	\$15.00	\$0.00	0.00%

As indicated above, if rounded to the nearest dollar as with Rail/Bus/Ferry Travelpasses, there would be no rise for Daytripper products at all. However, as IPART determined a \$0.40 rise for the Daytripper for 2002/03, IPART should consider increasing the Daytripper and rounding to the nearest 10c. This would increase the price of Daytrippers by \$0.40.