



AusCID

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Mr T Parry
Chairman
Independent Pricing and Regulatory Tribunal
Level 2
44 Market Street
SYDNEY NSW 2000

Dear Mr Parry

Determination of CityRail and STA Fares

The Australian Council for Infrastructure Development (AusCID) welcomes the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal in relation to the proposed fares rises on government owned transport services proposed for September 2003.

Formed in 1993, the Council is the principal industry association representing the interests of companies and organisations owning, operating, building, financing, designing and otherwise providing advisory services to private investment in Australian public infrastructure.

It is not our intention to express a view on what the level of fare prices for CityRail and STA services should be for the coming year. However, AusCID believes that it would be appropriate for the Tribunal to consider fare increases in line with those proposed by the operators, taking account of operating expenditure and planned service improvements.

The key to maintaining and potentially increasing the use of public transport relative to private vehicles lies in continued investment in service quality that meets community expectations. If funding for public transport is inadequate, whether through government subsidies, direct customer contributions or other sources of private investment, service quality and asset replacement requirements are ultimately at risk.

As stated in CityRail's most recent submission to the Tribunal, revenue from ticketing currently only covers 22% of running costs, down from 27% in 1999/00¹. Similarly, STA states that the contribution made by passengers towards recovering the running costs of Sydney Buses is expected to be less than 50% in 2002/03, having fallen from almost 60% in 1997/98².

Clearly the current level of fare revenue is unsustainable in that it leaves no incentive to invest in the public transport network, either to CityRail and STA or any other potential investor. In addition, the level of government subsidies required to maintain the running of the current network already represents a significant drain on the State budget, and any significant future increases are unlikely given the funding demands from areas other than transport.

AusCID believes that direct customer contribution has an important role to play in the overall funding model. However, AusCID also encourages a cooperative approach between the public and the private sector in addressing the needs of the public transport system. The benefits the private sector can bring in this area are manifold and include access to broader funding and benefits in the areas of risk allocation, earlier project delivery, enhanced efficiency, better customer focus, access to latest technology and economically sound decision making.

AusCID is aware that the Minister for Transport Services has commissioned an inquiry into the funding of public transport in NSW. We are in the process of preparing a submission to the inquiry in which the issue of appropriate funding mechanisms for public transport, including the issue of private financing mechanisms, will be discussed in further detail.

We hope you find these comments useful.

Yours sincerely



Dennis O'Neill
Chief Executive Officer
AusCID

¹ CityRail, Submission to the Independent Pricing and Regulatory Tribunal of New South Wales, May 2003

² Sydney Buses, 2003 Submission to the Independent Pricing and Regulatory Tribunal of New South Wales, May 2003