

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

PUBLIC HEARINGS INTO PUBLIC TRANSPORT FARE

DETERMINATION

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Tribunal Members

Mr James Cox  
Ms Cristina Cifuentes

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Held at Meeting Room 2, Level 2  
44 Market Street, Sydney NSW 2000

On Thursday, 3 July 2003, at 10.05am

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1 MR COX: Welcome, ladies and gentlemen. This is our  
2 hearing on the determination of fares for CityRail and the  
3 STA for 2003. As you will know, IPART sets maximum fares  
4 for CityRail and the STA and this hearing is being held as  
5 part of our public consultation process to obtain comments  
6 on issues of concern to stakeholders, particularly those  
7 stakeholders who have made submissions to us, and also to  
8 discuss some issues and particularly questions that we need  
9 to ask in order to advance our thinking on this very  
10 important issue. As this is a public process, transcript  
11 of the hearing will be made available on the tribunal's web  
12 site, so this is a public process.  
13

14 I should explain that the Chairman of IPART, Tom  
15 Parry, is unable to take part in this hearing. He has  
16 another job to do looking at longer term issues on behalf  
17 of the Minister and as a consequence he has decided to  
18 stand down from this inquiry into fares for 2003/04 and the  
19 decision will be made by Cristina Cifuentes and myself.  
20 Tom sends his apologies.  
21

22 The way it will work is that we will have a  
23 presentation first from the State Transit Authority, then  
24 another from CityRail, then from other people who have made  
25 submissions to us. Each of these presentations will be  
26 opening comments by the Authority or the person who has  
27 made submissions, and this will be followed by questions  
28 from Cristina and myself.  
29

30 At the conclusion of the presentations we will give  
31 State Transit Authority and CityRail a chance to respond to  
32 the comments raised during the hearing. We are required to  
33 set maximum fares to be implemented from 1 September and  
34 the tribunal will need to make a decision to enable that to  
35 happen. That gives you some indication of what the time  
36 period is from now on.  
37

38 I think that is all that needs to be said by way of  
39 opening comments by me. The first presentation is by the  
40 State Transit Authority and I ask their representatives to  
41 come forward and introduce themselves.  
42  
43  
44  
45  
46  
47

1 STATE TRANSIT AUTHORITY

2  
3 MR STOTT: John Stott, Chief Executive, State Transit  
4 Authority; and with me is Paul Dunn, our Chief Financial  
5 Officer, and Paul Schuman, our Financial Planner and chief  
6 preparer of submissions for IPART.  
7

8 I am not going to bore the tribunal today with a feast  
9 of colour slides as I normally do. I think the issues are  
10 pretty simple. I think the issues have been well expressed  
11 over the years and I don't think we can add to those.  
12

13 Just briefly for background, State Transit's business  
14 is well known to the tribunal. It is comprised of three  
15 separate areas of activity, Sydney Bus, with its 1700 fleet  
16 of blue and white buses around Sydney, carrying almost half  
17 a million people a day; Sydney Ferries with its fleet of 32  
18 on Sydney Harbour, carrying roughly 35,000 passengers a  
19 day; and Newcastle Bus and Ferry Services, with a fleet of  
20 180 buses carrying roughly about 30,000 passengers a day.  
21

22 The submissions we have made in the past have  
23 generally focused on State Transit as an entity and we feel  
24 that that has in the past possibly masked some of the  
25 specific issues to those three business units, so we have  
26 decided this year to put more focus on the individual  
27 activities and that will be clear from our submission. It  
28 is interesting to look at them in an unzipped way because  
29 with Sydney Buses we have an organisation which is  
30 potentially able to operate commercially with an  
31 appropriate funding package. Sydney Buses has been  
working

32 towards that over a number of years now.  
33

34 Sydney Ferries, with its high standing costs on the  
35 other hand, is inevitably going to require a degree of  
36 deficit funding given the costs of vessels and capital  
37 program for ferries and also given the cost increases that  
38 have been introduced in the last year and a half as a  
39 result of the Waterways Authority review of operations.  
40 That means that a cost recovery fare would be regarded by  
41 virtually everyone in the community as being unaffordable.  
42

43 Newcastle is a little different again. Newcastle has  
44 patronage which is over 80 per cent concession, whether  
45 students or seniors or other beneficiaries, and what this  
46 means is that however you structure Newcastle's funding,  
47 the net result is that the Government pays for the great

1 majority of operations there. True commuters in Newcastle  
2 amount to just 5 per cent of ticket sales so we could talk  
3 about deficit funding and we could talk about concession  
4 reimbursements but at the end of the day the reality is  
5 that a very small proportion of cash comes in through the  
6 farebox and in some respects the tribunal's decisions about  
7 Newcastle probably relate more to the degree of government  
8 funding for those beneficiaries than it has any great  
9 impact on the city.

10  
11 I believe that we have documented our finances well in  
12 this submission, and certainly in previous submissions, and  
13 I think that the tribunal is pretty familiar with our  
14 arguments in the past for a path towards cost recovery for  
15 Sydney Buses. I believe that we have now shown that Sydney  
16 Buses is at the best possible cost for a public sector  
17 operator. That goes back to the 1998 review that was  
18 conducted by SKM Economics and the tribunal had some of its  
19 officers overlooking that particular program.

20  
21 We would argue that we have implemented everything  
22 from that review that was implementable and we have this  
23 year retained Indec as a second opinion to confirm that we  
24 have done what we said we would do and we now have that  
25 report.

26  
27 At the same time, this year we brought SKM back to  
28 have a look at Sydney Ferries for us and to confirm for us  
29 that Sydney Ferries was not missing out on any  
30 opportunities for savings. That review has shown a few  
31 areas where there may be some opportunity but they are not  
32 big dollars, they are tidying up around the edges. The key  
33 issue about Sydney Ferries is that following some  
34 performance problems in 2001 you will recall that the  
35 Minister for Transport instituted an independent review  
36 which was done by a consultant retained by the Waterways  
37 Authority.

38  
39 Amongst other things that recommended that we move to  
40 an ISO 9001 management system and adopt the international  
41 safety management system. It also recommended some major  
42 changes to our refurbishment policies and to our  
43 maintenance policies. The net result of that is we are  
44 working strictly to the results of that review, almost 60  
45 recommendations. Sydney Ferries has picked up now all of  
46 the recommendations that apply. The outstanding issues  
47 relate to inter-agency issues such as accrediting agencies,

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1 et cetera. The net result is Sydney Ferries, had it been  
2 unchanged, would have cost roughly about \$70m a year, and  
3 it now costs about \$90m a year.

4  
5 There will be some reductions in cost over the next  
6 couple of years as we wash away some of the investment that  
7 we have had to make in refurbishment, but there is no doubt  
8 that an efficient Sydney Ferries, when I say efficient, I  
9 mean a combination of best possible cost and best possible  
10 service, has shown us that we were not spending enough on  
11 running our ferry services.

12  
13 I am also pleased to say just in that respect that  
14 Sydney Ferries is now accredited to ISO 9001, as is Sydney  
15 Buses and Newcastle Buses, so State Transit is now fully  
16 quality accredited, which means in effect that we have  
17 documented all of our systems, we have published all of our  
18 in-house procedures and policies and we have demonstrated  
19 to the accrediting agency that we are delivering what we  
20 say we deliver, so we are very pleased with that outcome  
21 and you will see that our buses are now carrying the ISO 5  
22 Tick sticker.

23  
24 In normal circumstances we would have been again  
25 advancing our argument for cost recovery targets to be set  
26 for the three divisions, we would have been talking about  
27 full cost recovery somewhere down the track for Sydney  
28 buses, we would have been talking about a figure, maybe  
29 something in the vicinity of 60 per cent cost recovery for  
30 Sydney Ferries, and we continue to do that because whilst  
31 we have not been successful in having that acknowledged in  
32 previous years we still believe we have an obligation under  
33 our commercial charter to keep raising this issue.

34  
35 That does not mean that we don't recognise the wider  
36 factors of affordability and community impact that the  
37 tribunal has to take on board but, as the management of  
38 what is a commercially structured organisation, we feel it  
39 is necessary to bring that forward.

40  
41 Given the recent announcement of the ministerial  
42 inquiry into public transport funding we have formed the  
43 view that it is more appropriate for that cost recovery  
44 proposition to be tested in the wider context of the review  
45 that Dr Parry will be conducting. On that basis, we feel  
46 that it is more appropriate this year to adopt a holding  
47 position in terms of fares and that is essentially why we

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1 are seeking a simple CPI increase. CPI, as far as we are  
2 concerned, is the New South Wales Treasury figure which we  
3 understand will come in somewhere around 3 per cent, but we  
4 are quite prepared to have Treasury advise on what that  
5 number is.

6  
7 Clearly some increase is appropriate if we are to  
8 reflect increasing costs around the system and if we are to  
9 avoid having a situation somewhere down the line where a  
10 bigger increase is necessary because fares have just been  
11 held at the one low level.

12  
13 As it presently happens, our cost index in State  
14 Transit is ahead of CPI. Our costs are increasing at about  
15 5 per cent per annum, and I know a similar argument has  
16 been advanced by the private sector bus industry. In  
17 general we see wage increases moving at 3.5 to 4 per cent  
18 with some wages moving in the 4.5 per cent bracket, and  
19 certainly some of the most recent public sector increases  
20 have been at the top end of the scale.

21  
22 In respect of our service performance this year, as I  
23 have said we are now ISO and ISM endorsed. We have  
24 continued to pursue improvement of our on-time running  
25 reliability and service to passengers but, of course, we  
26 recognise that there are some significant challenges,  
27 especially in our on-road services, that the road is not  
28 totally under our control, and that of course makes it a  
29 bit more difficult to deliver some of the reliability that  
30 we would like to.

31  
32 Presently our on-time running for bus is broadly in  
33 the middle 90s. That is calculated from the commencement  
34 of trips but I have not been altogether happy with the  
35 measurement techniques because by and large people in the  
36 operations area of a place like State Transit are looking  
37 at where the trouble is rather than how is the system  
38 performing overall. Because of that we have just put in  
39 place, and we will see some results soon, an independent  
40 assessment of our running times. Once we start to see the  
41 results of that, which is basically hands off and it is  
42 worked on a statistical sampling method, we will be  
43 prepared to share those numbers with you.

44  
45 I guess I would just like to say that in respect of  
46 on-time running anything is achievable at a cost and also  
47 at the risk of some inconvenience. Just to elaborate on

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1 that, with buses in particular to assure on-time running  
2 you need to have sufficient time built into your timetable  
3 to have generous layovers in case there is delay on the way  
4 in so you can start your next trip on the way out. You  
5 also need to do something to form some conclusion about how  
6 long you are going to stop at stops, for instance, and  
7 boarding times at stops can be very variable. If you  
8 really want high reliability in this area, you need to  
9 think about issues about will we stop at every stop and for  
10 how long, and that does involve some inconvenience.

11  
12 With our reliability, which is essentially about  
13 service failures and so forth, we are now getting down  
14 towards our target. We have seen a steady improvement in  
15 changeover of buses for the last three years. We are now  
16 in the vicinity of 19 per 100,000 kilometres travelled. We  
17 are chasing a figure of 18 which is generally regarded as  
18 the industry standard. We have done some work in terms of  
19 customer reaction. The latest advice we have got, which is  
20 again independently sourced, is that passenger approval  
21 ratings are in the vicinity of 75 per cent, which we are  
22 told is good for a government operated service and  
23 certainly compares with the figures that have been  
24 published in Melbourne for their services.

25  
26 In the same vein, we are running at one complaint on  
27 the 13500 line per 10,000 trips. We have also this year  
28 largely now completed a program of driver service training  
29 and there are some clear indications there that we are  
30 getting fewer responses coming out of that and  
31 interestingly fewer disputes. I think our drivers are  
32 benefiting from having got some training in how to maybe  
33 deflect criticism sometimes when you have people who  
34 probably have higher expectations than anyone can deliver.

35  
36 Our revenue protection is under good control. The  
37 figures we are saying show that in general about 1.5 per  
38 cent of passengers intercepted have sometimes evaded but  
39 mainly overridden their section and we are working on that.  
40 We have just recently put in place a new team of 20 revenue  
41 protection officers who are out there to try to get a  
42 better grip on that. But I think that is not a bad number,  
43 actually. Also in the past year, given general community  
44 concern about security, we have upgraded security. All of  
45 our premises are now security protected and we have got  
46 some security back on the road in one or two hot spots in  
47 Sydney. That has added about \$5m a year to our costs.

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1  
2 Turning to ferries, I think you could only say that  
3 Sydney Ferries' on-time running and reliability by public  
4 transport standards are excellent. On-time running,  
5 depending on the service, ranges in the 95 to 98 per cent  
6 bracket and sometimes higher. Reliability is regularly in  
7 the 99s. It is almost news now that the Manly ferry misses  
8 a trip because it is such a rare event.  
9  
10 Finally in this vein, I am very pleased with the  
11 quality of the bus and ferry fleets. Ferries have gone  
12 through a major upgrade and I think the quality is there  
13 both on the surface and down in the engine room. The bus  
14 fleet we have just completed our order for 300 Mercedes  
15 Benz gas buses. The last one was delivered a couple of  
16 months ago and we are now reviewing where we go.  
17  
18 We have already launched a tender for the next 400  
19 buses which will cover the next five years. We are now  
20 approaching the point where we can move to a steady state  
21 of fleet replacement. We have gradually pushed that large  
22 rump of buses that were bought at one time in the 80s and  
23 we think that we will be settling to a replacement rate of  
24 about 80 or 90 a year, depending on what the growth rates  
25 are.  
26  
27 In summary, I would submit that our services are  
28 performing well in an aggregate sense although I fully  
29 recognise that there will be places in our network where  
30 there are still problems to be solved and challenges to be  
31 addressed. We are continuing to work on those.  
32  
33 We have implemented all of the available cost  
34 efficiencies and, whilst there is still room for some  
35 tidying up, we don't believe there are major opportunities  
36 left for cost reduction in any of our business units. As I  
37 have said, we are ISO endorsed.  
38  
39 Our operating costs are essentially driven now by  
40 demand. Driven by demand essentially means driven by the  
41 morning peak. That governs the size of the fleet in  
42 virtually all our operations. We still have some thoughts  
43 about our long-term funding model. We have decided that we  
44 will take those up with the ministerial inquiry, and so  
45 today we are proposing in our submission that there be a  
46 CPI rise applied with the usual distribution across the  
47 basket of fares as we normally do and the usual round ups

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1 and round downs and we are flagging that we will come back  
2 to you next year with a more wide-ranging proposal based on  
3 whatever decisions the government makes as a result of the  
4 Parry inquiry. Thank you.  
5  
6 MR COX: Thank you very much. I just want to begin by  
7 clarifying what your request for the fare increase is. You  
8 are saying it is a straight CPI increase. Is that on all  
9 fares or are there particular fares you wish to increase or  
10 decrease, any additions for particular areas or just a  
11 straight CPI?  
12  
13 MR STOTT: We are looking for CPI across the board for our  
14 regular commuter fares. Given that we normally have to  
15 adjust, some come in a little high, some a little low,  
16 depending what happens when you round it up to the silver  
17 coin. We did have a couple of issues with a couple of our  
18 more commercial services which I don't believe we have  
19 raised in our submission so we may have to come back with a  
20 supplementary paper. There are some concerns, for  
21 instance, about the discount rates on things like Day  
22 Tripper which has been under sort of a trial scheme since  
23 its inception where the revenue sharing situation between  
24 CityRail and State Transit still has to be finalised.  
25  
26 There is also the question of whether JetCat and Manly  
27 Ferry fares are appropriate and have appropriate  
28 relativities. They are issues that we need to think  
29 through. Essentially the bread and butter fares, we are  
30 saying CPI across the board.  
31  
32 MR COX: I think we would welcome any thoughts you  
33 have on  
34 that if you can provide them to us. We did receive a  
35 submission from one of the groups, Action for Public  
36 Transport, saying the emphasis should be on increasing the  
37 cash fares to discourage people from using cash fares on  
38 buses. Is that something we should consider further this  
39 year or do you think it is something that should be left  
40 subsequent to the Minister's inquiry?  
41  
42 MR STOTT: There are not many avenues available to us  
43 right now to encourage people out of cash and into  
44 prepurchase tickets, much as we would like to. If we  
45 manage to move them a few percentage points it does not  
46 materially improve the issues that we still have about cash  
47 security and about probity in the system and so forth.

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1 I believe that the integrated ticketing program will  
2 be probably the best way to encourage people out of cash  
3 but I don't think we will ever fully eliminate cash from  
4 the system. I think that, from what I can see, there are  
5 groups of people in our community who regrettably can't  
6 afford to buy multiple tickets and pay cash. There are  
7 also visitors to the city who just walk on to a bus for the  
8 first time. It is an issue that we want to keep under  
9 review. We have floated the idea of cashless buses for  
10 express and limited stop services.

11 MR COX: I do remember it.

12 MR STOTT: But it runs into a bit of a dilemma because it  
13 means that you are offering a premium service for a 20 per  
14 cent discount and I can see that there would be people  
15 coming along and saying, "I am willing to pay the extra  
16 money, why won't you take my cash", so I don't think it is  
17 one that will just be deliverable by executive fiat. It is  
18 something that needs to be thought through pretty carefully  
19 and it possibly is one of the issues that the Government  
20 needs to take a position on.

21 MR COX: You don't see any case in this year tweaking the  
22 fare increases a bit towards cash as opposed to --?

23 MR STOTT: If the tribunal thought that would be helpful  
24 along the way, I would support it. Our preference is to see  
25 a bias towards cash, but bear in mind there are a group of  
26 people where affordability is an issue.

27 MR COX: I do want to talk about the issue of cost  
28 recovery. As you will be aware, much more than we are,  
29 cost recovery I think in all your businesses has fallen  
30 over the past few years. You have described a situation  
31 whereby you say your costs have increased in the order of 5  
32 per cent but you are asking for a 3 per cent fare increase.  
33 That presumably means that cost recovery is going to worsen  
34 over the coming year. I appreciate the point that we are  
35 looking at a holding increase this year, but is 3 per cent  
36 really enough and how will it affect cost recovery?

37 MR STOTT: 3 per cent is not enough, you are quite right.  
38 It means, for instance, that we will have less ability to  
39 cover our capital program. It may be that one of the  
40 issues we will have to do in the next few months is to  
41 consider whether we can level out our capital program for a

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1 while and I am still pretty strongly of the view that  
2 Sydney Buses in particular should be working towards some  
3 sort of cost recovery funding model. If we go down that  
4 track one would normally be saying, well, here is stage one  
5 of a strategy, and I guess I am in the position where until  
6 the dialogue has been had through the ministerial review I  
7 cannot really tell you what the strategy is going to be, so  
8 I would be plucking a number out of the air.

9 I know the private sector bus industry, for instance,  
10 has said, well, traditionally our cost index has gone up 6  
11 per cent and therefore we need a 6 per cent rise. There is  
12 a lot of logic in that and from a commercial point of view  
13 I would support that proposition.

14 On the other hand, it does seem to me that over the  
15 next few months the Government will be looking at a wide  
16 range of issues connected with public transport, amongst  
17 other things. What is the case for subsidising public  
18 transport? Is there a case, for instance, in putting money  
19 into public transport on the basis of what you might  
20 loosely called reverse externalities? It is worth  
21 investing in public transport because you clear the roads  
22 for other people and some of those congestion savings ought  
23 to come back. Does this mean that there is a role for what  
24 we have termed over the years the service level CSO where  
25 government decides to purchase certain services even though  
26 they are lesser patronised. Is there a role for continuing  
27 State Transit's pricing CSO which, as you know, is a  
28 general concession to the whole of the community. The  
29 Government basically says, we will charge you less than the  
30 private sector charges.

31 I know that opens up a whole lot of arguments and  
32 debate with the tribunal as well as to why should the  
33 government be topping up to that fare anyway when you have  
34 determined another one. I guess, all that said, I believe  
35 that a CPI rise is the safer approach at the moment and  
36 State Transit management is prepared to work through the  
37 coming year on that basis, adjusting its capital program  
38 and its borrowing program to get through.

39 We have been in dialogue with the Treasury on these  
40 issues as well and I am hopeful that we might see some  
41 supplementary funding while we go through this process, but  
42 at the end of the day it is clear to us that there needs to  
43 be a long-term funding model that says this is what the bus

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1 and ferry system costs, we are satisfied that the bus and  
2 ferry system is operating at the best cost that is  
3 available, that we can't do any better given the  
4 constraints and the due diligence issues that we have to  
5 comply with, now lets talk about how much of that should be  
6 contributed by the traveller and how much should come from  
7 other sources.

8  
9 MS CIFUENTES: If I may, just picking up the point about  
10 the capital works program, in your submission your capital  
11 works program is projected to increase from around about  
12 \$20m in 02/03 to \$64m the following year and then again the  
13 year after. You are saying, though, that with a 3 per cent  
14 fare increase that capital works program is likely to have  
15 to be delayed or deferred. It seems to me that there is an  
16 odd situation where your capital works program is  
17 substantially increasing, yet you are only seeking a 3 per  
18 cent fare increase.

19  
20 MR STOTT: I will clarify that. Firstly, 02/03 is a bit  
21 of an unusual year because we were at the end of the  
22 current bus delivery contract. Normally our capital  
23 program would run in the \$50m, \$60m a year bracket, so it  
24 came down a little that year. In the long term we are  
25 looking at round about \$60m, which gives us the 100 buses  
26 and some additional cash into the ferries area, although  
27 with the expenditure on ferries over the last two years I  
28 think we have now got probably a decade of relatively  
29 modest capital program.

30  
31 In the present circumstances on a CPI basis there is  
32 some small scope to increase our borrowings although we are  
33 now approaching a level with debt which I think management  
34 considers to be a prudent level. Certainly the board  
35 considers that. There is some scope to move, to stretch  
36 out the capital program a little. I would not want to  
37 freeze capital because that will put us in breach of our  
38 fleet age. We have been trying for the last couple of years  
39 to get our fleet age at a reasonable level below, not  
40 substantial, but enough to give some insurance in case  
41 something unexpected happens.

42  
43 That is the challenge in the coming year. I think we  
44 can do that.

45  
46 MS CIFUENTES: Just for clarification, you can achieve  
47 this capital works program within that 3 per cent?

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1  
2 MR STOTT: We can adjust the capital works program to suit  
3 what is available.

4  
5 MS CIFUENTES: Without impacting services.

6  
7 MR STOTT: We will adjust our program to suit, but we have  
8 to balance that against our debt and how much debt we are  
9 prepared to carry.

10  
11 MS CIFUENTES: Again just on the capital works program, it  
12 seems that the major expenditure item is the bus fleet and  
13 you mentioned that you are starting a new tender for 400  
14 new buses. It has been suggested to me that customers  
15 would prefer more frequent bus services rather than buses  
16 of such a high quality. Can you perhaps address that? Are  
17 bus service standards, in the sense that they are  
18 airconditioned, they have nice plush seats, is that perhaps  
19 delivering too high an expectation where people really want  
20 more frequent services?

21  
22 MR STOTT: I can certainly speak to that. The market  
23 research we have done just recently shows that above all  
24 travellers prize frequency and reliability. They are  
25 conscious, so they are high importance, high impact issues.  
26 I think you can say that things like comfort are high  
27 importance but not as high impact, if that makes sense.  
28 Interestingly, cost of travel is also about number seven on  
29 the list. It is being there at the right time.

30  
31 The dilemma that then emerges - before I come to  
32 quality of specification - but in terms of replacing the  
33 fleet, you have a balance. If you concentrate totally on  
34 operations and don't worry about replacing your fleet you  
35 have an incipient reliability issue as your fleet gets  
36 older and potentially more unreliable.

37  
38 In terms of actual specification, we are buying  
39 low-floor city bus chassis. Low-floor is mandatory. There  
40 is no choice there any longer. We need a chassis which is  
41 very reliable in downtown traffic. Our buses work a lot  
42 harder than suburban buses and we have been insistent with  
43 manufacturers that we want decent warranty. There have  
44 been quality problems, I hasten to say not with the present  
45 delivery of buses, but there have been quality issues in  
46 previous years going back into the middle 90s which have  
47 made us aware that you have to be very insistent about

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1 warranty and insisting on 20-year life, for instance. It  
2 probably costs you about \$20,000 in the price of the bus.  
3  
4 In terms of airconditioning and the like, frankly I  
5 travel on buses four or five times a day sometimes and I am  
6 on a bus just about every day of the week and I would  
7 reject any suggestion that in Sydney's climate  
8 airconditioning is not essential. It is absolutely vital  
9 in my view. Nobody would suggest that CityRail should take  
10 the airconditioning off its trains and I think the same  
11 thing applies to our buses.

12  
13 I don't believe that we are providing a high degree of  
14 comfort. We buy exactly the same seats that the private  
15 sector buys and the only other major cost, capital cost,  
16 component of our buses is the natural gas propulsion. We  
17 have shown pretty clearly, we have had independently  
18 verified, on a whole-of-life it makes sense both  
19 environmentally and commercially. Under the present regime  
20 the savings are of the order of about 25 cents per  
21 kilometre travelled, so we are talking 25 cents in \$5 or  
22 \$6. It is a worthwhile saving.

23  
24 We will have to re-evaluate that particular issue  
25 because the Federal Government has signalled that it is  
26 moving into a new taxation regime for fuels, and also  
27 Europe, most of the chassis come out of Europe and Europe  
28 is not as ready to gas as we are in Australia. That is  
29 causing us a few headaches at the moment. We are anxiously  
30 looking at the present tenders just to see what will be on  
31 offer.

32  
33 We recently started deliveries of some new buses into  
34 Newcastle and I confess that we were finding it very  
35 difficult to justify new fleet for Newcastle. We have got  
36 30 new buses on order. That order will be completed by the  
37 end of this year. In putting those buses in, we said what  
38 is the best value we can get, this is not a city where we  
39 need these downtown heavy operating conditions, it is very  
40 much like the western suburbs of Sydney, the operating  
41 speeds are significantly higher, and the buses we put into  
42 service in Newcastle came in at about \$380,000 each as  
43 opposed to our gas buses where I think the last tranche  
44 came in at about \$460,000, \$470,000 for Sydney.

45  
46 The Newcastle buses we went for a simpler body. We  
47 went for a simpler seat which was in fact cheaper than a

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1 lot of private sector operators use and has more in common  
2 with what is used in school buses. It actually turned out  
3 to be very successful, we are quite pleased with that, and  
4 I would think that to be able to get the combination of  
5 durability and comfort that we want, the rock bottom price  
6 for a bus operating in Sydney is somewhere in the early  
7 400s, I mean about 425 plus, the bare minimum, but the way  
8 costs are moving in the local body building industry it is  
9 probably significantly higher. I suppose the only good  
10 thing about the Aussie going over 65 cents last night is  
11 that Europe chassis will be cheaper.

12  
13 MR COX: If I can just come back to the fare increase for  
14 one last question, we had a meeting last week where we  
15 talked about what might happen on the private buses. As  
16 you mentioned, their costs are increasing about 5 per cent.  
17 I don't know what we will do, but it is quite possible that  
18 one result might be a 5 per cent fare increase for the  
19 private buses. If private buses were to go up by 5 per  
20 cent and your fares went up by 3 per cent, would that cause  
21 any issues that should concern us?

22  
23 MR STOTT: You will be aware from your reading of the BCA  
24 submission on this issue that the differential between  
25 public sector and private sector fares is a very, very hot  
26 issue and it is seen as being a factor for patronage and  
27 they have pointed to this issue very frequently. Also the  
28 whole issue of concessions as well. Look, it is my  
29 personal view that Sydney's transport system would work a  
30 whole lot better if we had equity on fares across the  
31 network. From that perspective my view is that the fare  
32 scale should be the same everywhere. The difference is not  
33 just in the level of fares, the difference is also that we  
34 operate one to two sections, three to five, et cetera, et  
35 cetera. They charge section by section, so the fares are  
36 actually different. Even if they were charged at the same  
37 rate per section they are still charged in different ways  
38 and, of course, the private sector does not offer the  
39 discounted multiride tickets at the same level we offer  
40 them, which are generally 25 to 30 per cent, and doesn't  
41 have access to the TravelPass system where, depending on  
42 usage, discounts can be down around 45 to 50 per cent.

43  
44 It is a complex issue. I personally, if you are  
45 offering me 5 per cent, I would be delighted to take it,  
46 but if we are at 3 and they are at 5 I don't think it makes  
47 the situation that much worse than it is at the moment.

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1  
2 MR COX: Thank you. Let's look at the ferries. You  
3 mentioned an increase in the cost of ferries, that they  
4 were going up to \$19m. What is the nature of the increase  
5 in costs? Maybe you can't answer that now.  
6

7 MR STOTT: I can tell you briefly. Sydney Ferries has put  
8 in place a whole new layer of workers, people who are  
9 concerned with chasing down and applying quality standards.  
10 There is a whole new safety structure in there, so there  
11 are increases in labour costs. Aside from that, their  
12 maintenance standards have been upgraded very significantly  
13 and their depreciation costs have increased because of the  
14 additional investment in fleet. We can certainly give you  
15 those breakdowns, we would be very comfortable about doing  
16 that.  
17

18 As I say, I think there will be some softening as we  
19 go into future years, as we get over the rump of this  
20 implementation. The theory goes that in the long term good  
21 quality should save you money, not cost you money, but I  
22 think we are talking about a situation where frankly I  
23 don't think we were putting in enough. I think that for  
24 maybe a decade and a half there has been a view in the  
25 community that efficient transport is the cheapest possible  
26 transport and I think in the case of ferries we learnt a  
27 salutary lesson, that it isn't.  
28

29 MR COX: I should think it was a backlog of safety related  
30 maintenance.  
31

32 MR STOTT: Broadly speaking, and quality standards that  
33 have been applied.  
34

35 MR COX: What is happening to patronage? What has been  
36 happening over the past couple of years; what is expected  
37 to happen in the next year or so and how does fares  
38 influence it?  
39

40 MR STOTT: Patronage has softened post Olympics  
41 essentially across the system. The best understanding we  
42 have of things is that there was certainly a mild loss of  
43 patronage from tourism and city visitation post Olympics.  
44 That was accelerated by the September 11 issues and there  
45 was a significant downturn in tourism, it probably hurt  
46 ferries more than bus, but the other issue is that across  
47 the bus system there has been a general softening of a

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1 couple of percentage points in patronage and as best we  
2 read the situation there has been a loss of jobs in the  
3 Sydney CBD which looks like some thousands of jobs.  
4

5 I am trying to recall the figure I got from Sydney  
6 City Council, I thought about 4,000 jobs have gone from the  
7 city, and they appear to have been jobs that were in the  
8 technology and telco sectors, a lot of those businesses  
9 that didn't survive the late 90s, and a great many of those  
10 people were living in the Eastern suburbs and the Eastern  
11 suburbs of Sydney is where we have been hit hardest with  
12 patronage.  
13

14 It is interesting that in the north-west of Sydney  
15 where we did our first Better Buses Program we still have  
16 steady growth and we have a couple of bus services that are  
17 still growing at double digits up there. We suspect that  
18 there has been some movement in the demographics. We  
19 suspect there may be some people who are now sort of living  
20 closer to the North Ryde, Macquarie centre area where there  
21 is fairly booming business. Ferries has suffered some  
22 decline. We think that is largely tourism related but  
23 again there are a lot of commuters who would also have been  
24 city workers. Surprisingly, I think the Eastern suburbs is  
25 still doing pretty well, so that seems to be going against  
26 the bus experience.  
27

28 Newcastle is suffering long-term decline. Over the  
29 last three, four years, Newcastle has fallen from 30m a  
30 year to about 12m a year. We are not sure but we think  
31 this reflects a sector of the population which is aging and  
32 possibly some movement out of the Newcastle area. Clearly  
33 that city is transforming from a city that was built around  
34 a couple of heavy industries and is becoming much more  
35 decentralised. There is some evidence that the population  
36 has moved to the west and the south and outer areas, which  
37 are areas outside our contract district.  
38

39 Newcastle is a concern to us. We would very much like  
40 to see some strategies in place that encourage commuters  
41 use of public transport. Most of those to my mind rely on  
42 infrastructure and broad policy initiatives that are beyond  
43 us and you will probably be aware that the Minister has  
44 asked for a review of some of the inner Newcastle transport  
45 arrangements with a view to seeing if we can't improve the  
46 access to the CBD better, but bear in mind that at  
47 Newcastle the CBD is no longer what it was pre-1989 and

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1 places like Glendale and Charlestown are really making the  
2 running in terms of attraction centres.

3  
4 MR COX: Are there things you are planning to do that  
5 might improve patronage?

6  
7 MR STOTT: We believe that the best way to improve  
8 patronage is to the best of our ability keep popping in  
9 additional services. Everything says to us that people  
10 don't respond to television ads but they certainly respond  
11 to a bus that they see operating, and our experience with  
12 the 370s and the 520s, which are reasonably new  
13 cross-country services, is just that. We are doing some  
14 pilot programs at the moment in the ferries area which is a  
15 softer version of what is being called the "travel smart"  
16 approach which is kind of a direct marketing thing.

17  
18 In Western Australian they actually send people out to  
19 knock on doors and they spent \$1m in a city of 34,000  
20 people, which is probably a bit hard to do in Sydney, but  
21 we are looking at letterboxing and promotional programs to  
22 see if we can build that up.

23  
24 We also did some experiments a couple of years ago in  
25 the Balmain area where we dramatically increased the  
26 frequencies to test the theory that you can keep on  
27 increasing frequencies and get people. It does not work.  
28 There is an upper limit. Once you reach that limit, people  
29 say, "I just don't need any more capacity, thanks very  
30 much", so we are working on that. Public transport  
31 marketing is an area where I think there needs to be a  
32 coordinated approach. We have a coordinated customer  
33 service system, we are looking at coordinating ticketing  
34 but I think it is a matter of getting people into public  
35 transport rather than setting up a system that might have  
36 people simply switching between modes.

37  
38 MR COX: Finally from me, the thing we talked about so  
39 many times before, a passenger service charter. I  
40 understand there is some progress on that and one is to be  
41 published in the second half of 2003. Can you be a bit  
42 more specific about what it might include and how it might  
43 be used?

44  
45 MR STOTT: It is our intention to clarify this issue of  
46 on-time running and we want to be sure that we know the  
47 figures we are getting are statistically - will be in a

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1 position to be public. It is our intention to publish  
2 those figures and some others on our web site. We will  
3 update those in pretty much the same sort of system that  
4 CityRail uses to publicise its figures. The web site is a  
5 better way to go. You may be aware in Melbourne the  
6 Department of Infrastructure publishes a glossy brochure  
7 every three months which would probably cost more than my  
8 marketing budget. That is our intention. I just want to  
9 be sure that the numbers we publish are meaningful numbers  
10 rather than pointing to hot spots and cold spots. We need  
11 to understand this better. A similar situation is what  
12 occurred a couple of years ago with fare evasion where the  
13 Audit Office produced some numbers by looking at the hot  
14 spots but if you actually averaged it, and that is what our  
15 revenue officers target obviously, the hot spots, but if  
16 you average it across the whole system it comes out at a  
17 much lower number.

18  
19 MS CIFUENTES: Other than the on-time running, what other  
20 key performance indicators will you be publishing?

21  
22 MR STOTT: Key performance includes service reliability,  
23 which is basically cancelled services and why we cancelled  
24 them, whether because of mechanical problems or because  
25 somebody U-turned his taxi in front of a bus. It goes to  
26 the coverage of the system, kilometres travelled, that sort  
27 of stuff. It goes to the cost of operations and it goes to  
28 issues such as customer response and it goes to issues such  
29 as what cost recovery are you getting in terms of revenue  
30 protection. You will find a reasonable range of those  
31 sorts of indicators published annually in our annual  
32 report.

33  
34 MS CIFUENTES: You were just mentioning about capacity  
35 and  
36 that there is an upper limit on frequency when you look at  
37 capacity in the system and you mentioned you have done  
38 some  
39 studies in the Balmain area. Do you look at frequency and  
40 capacity on a per route basis?

41  
42 MR STOTT: Yes.

43  
44 MS CIFUENTES: Is that a meaningful figure? Does a  
45 meaningful figure drop out of that process so you can say  
46 the optimum capacity for a route is X per cent and would  
47 you be prepared to publish those sort of figures?

48  
49 MR STOTT: I will try and structure this: The way we

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1 monitor our services is essentially driven by our automatic  
2 fare collection system and operations management regularly  
3 looks at every route, how many boardings per kilometre, we  
4 do loading checks in the field and where are the fullest  
5 buses, that sort of thing. To the best of our ability  
6 within available fleet we then adjust the services  
7 available to meet that demand. It is not altogether easy  
8 because when you start doing that you start playing with  
9 timetables and when you start playing with timetables you  
10 have the issue of educating people as to the change.

11  
12 We do have a practice where possible where we know we  
13 have hot spots of putting in additional services in the  
14 same time scale and we have a couple of Inner West services  
15 at the moment where we are pushing out buses from the depot  
16 nose to tail on the same trip for that very reason, one  
17 shown on the timetable but two turn up.

18  
19 We know broadly what the load factors are  
20 service-by-service and we have no difficulty publishing  
21 those. There are 350 bus routes. The Audit Office has  
22 reminded us annually that of those I think about 70 per  
23 cent of them don't return a profit. That is part of the  
24 contracting system anyway, you are expected to do some  
25 cross-subsidisation. It is possible, using all of that  
26 data, once in a while to look at a revision of the system  
27 to try to meet needs better. What is difficult is  
28 transferring capacity.

29  
30 If you have a service that is carrying 5 per cent load  
31 factor through the day it is still very difficult to take  
32 that capacity and put it over on the 380s where you could  
33 use a couple more. That is always a difficult prospect.  
34 The way our fleet is structured, basically every bus that  
35 is available is on the road in the morning peak hour.  
36 Leaving aside between 8 and 10 per cent of the fleet that  
37 is in programmed service at that particular time, it is not  
38 easy to say, we will only do programmed services after  
39 midday. It brings in a whole lot of other issues, so at  
40 times you have a shortage of fleet and if, for instance, as  
41 we had recently, you have a certain level of absenteeism,  
42 sometimes you have a bus but no driver, but the information  
43 systems are very, very good and, for a start, I would be  
44 quite happy to arrange for the tribunal's officers to have  
45 a briefing on just what we can do in that area and maybe  
46 you would like to offer some views then about what sort of  
47 things you think ought to be in the public domain and

1 published regularly.

2  
3 MS CIFUENTES: Just going back to that limit on frequency,  
4 within existing capital constraints and funding  
5 arrangements you would say you have reached the upper limit  
6 of frequency for the system?

7  
8 MR STOTT: We would give more frequency in the middle of  
9 the day and we could give more frequency --

10  
11 MS CIFUENTES: In the peak?

12  
13 MR STOTT: In the morning peak. The fact is that the  
14 morning peak is about an hour and a half and all those  
15 people that go in that time, in the afternoon go home over  
16 about four hours. The big spike in the afternoon is kids  
17 going home from school but it is not as big as the morning  
18 one. Essentially if there are more people in the morning  
19 peak, you need more buses. We have lots capacity on  
20 ferries, and we are quite happy to see more passengers on  
21 Manlys.

22  
23 MS CIFUENTES: You referred in your submissions to studies  
24 that have been done on efficient costs for buses, the 1998  
25 study, and also that you are getting SKM to look at  
26 ferries. Are you proposing to do an update on that 1998  
27 study for buses?

28  
29 MR STOTT: We have done it.

30  
31 MS CIFUENTES: Is that available?

32  
33 MR STOTT: It is. It was completed about ten days ago.  
34 It was done with the intention of providing that to the  
35 tribunal.

36  
37 MS CIFUENTES: And the ferries as well?

38  
39 MR STOTT: Absolutely.

40  
41 MS CIFUENTES: You have also referred in your submission  
42 on buses to service improvements that have involved  
43 substantial capital investment but that we are not  
44 necessarily seeing the benefits of those improvements to  
45 date. Can you elaborate a little on that and when we might  
46 expect to see some of those benefits flowing through? It  
47 is page 8 of your submissions.

1  
2 MR STOTT: We are talking about --  
3  
4 MS CIFUENTES: It says some service improvements made in  
5 recent years have required significant investment to  
6 implement and in some cases full benefits are yet to be  
7 realised.  
8  
9 MR STOTT: We are not talking about capital programs here,  
10 we are talking about the Better Buses Programs where we  
11 have put a lot of time and effort into trying to reallocate  
12 capacity to meet the most need, but also to try to reflect  
13 where we think the business will be. We have done Better  
14 Bus Programs so far in the north-west, in Newcastle and in  
15 the Eastern suburbs. They have all involved quite a lot of  
16 engineering of systems. They have involved heavy cost in  
17 terms of public information and also in terms of planning  
18 and scheduling and we feel that at the moment we have had  
19 reasonable results; good results in the north-west, as I  
20 said earlier, we have had a reasonable result in the East  
21 but it is a little bit hard in the East to kind of sort out  
22 the Better Buses from this sort of long-term patronage  
23 decline that seems to be particularly city based.  
24  
25 In Newcastle we think we have our fleet better  
26 allocated. There are in fact fewer services in Newcastle  
27 and so the financial performance has improved a little. If  
28 we could better understand what is happening with the  
29 demographics up there we could probably finetune that a bit  
30 further. I think that you will see the benefits of the  
31 Better Buses Program in the East improved as employment  
32 gets back to normal, whatever "normal" might be, but we  
33 think we have got it pitched about right. We have got  
34 plans to move on and apply similar programs in Warringah,  
35 which we have been looking at for some months now, and  
36 actually next year we will start looking at the south-west,  
37 which is sort of loosely bounded by Newtown and the Princes  
38 Highway and goes out to Strathfield.  
39  
40 It is quite a good technique. It does cost a little  
41 money to do but I think the benefits there are in the long  
42 term. Bear in mind, it is always a balance between  
43 delivering the service and getting a reasonable financial  
44 performance.  
45  
46 MS CIFUENTES: One last question, because I am aware we  
47 have run out of time. On the TravelTen discounts, are you

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1 planning to substantially reduce the discounts on TravelTen  
2 or to restructure?  
3  
4 MR STOTT: Maybe I should be asking the tribunal that.  
5  
6 MS CIFUENTES: Have you any proposals to put to us?  
7  
8 MR STOTT: We have said to the tribunal probably just  
9 about every year that I have been here - and I think this  
10 is my seventh year, and that is only with State Transit -  
11 we have pointed out that our multiride discounts are  
12 greater than the private sector commercial operators  
13 believe appropriate. They believe 15 to 20 is a reasonable  
14 figure. We generally tend to be 20 to 30 and probably  
15 top-side 35.  
16  
17 I think that this is an area where we should tread  
18 cautiously. I could still pursue that view that I was  
19 mindful coming up in the lift that there is an integrated  
20 ticketing system that is going to invite most users of the  
21 system to load \$20, \$30, \$40 or whatever, on to a smart  
22 card and then use it. We have to ask ourselves, in that  
23 environment, what will happen? I think what will happen is  
24 there will be a drift away from cash and I also think that,  
25 given that somebody is going to invest that sort of money  
26 onto the card they should rightly expect to get the  
27 multiride rate, even though every trip they take maybe of a  
28 different length. I think we are moving into a new regime  
29 and I suspect that at the end of the day the community will  
30 tell us that what we have developed is a ticketing product  
31 where multiride is the standard and cash is the exception.  
32 That is when one starts to look at relativities because we  
33 will have to then price the multiride to return whatever  
34 the proportion of operating cost is that we have mutually  
35 decided is appropriate for transport operators to recover.  
36  
37 In my view that would be for bus at least 100 per cent  
38 of operating cost, for ferry it might be 60 per cent of  
39 operating cost, but I think that would drive your  
40 decisions. We have got the first trial rolled out of  
41 integrated ticketing, which will be a State Transit  
42 roll-out, late 2004. That will be too early I think to get  
43 a feel for what the broad response will be but very soon  
44 after that we will get some real experience. I would think  
45 that probably in the 05/06 submission we might well be  
46 looking at a redistribution of how fares are paid.  
47

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1 Then there are a whole lot of other issues, I  
2 understand issues that may well come up in the Ministerial  
3 inquiry, that one of the most appropriate forms of fares to  
4 charge is that one school of thought says a kilometre on  
5 the railway should cost the same as a kilometre on the bus,  
6 and that sort of thing, and I just don't have a feel for  
7 that at this stage.

8  
9 MR COX: Thank you very much for your presentation, both  
10 this morning and for answering questions.

11 SHORT ADJOURNMENT  
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1 CITYRAIL

2  
3 MR COX: We'll now resume with representatives of  
4 CityRail. Could you please introduce yourselves and then  
5 proceed with your presentation.  
6

7 MR GRAHAM: Vince Graham, Acting Chief Executive State  
8 Rail, supported by my colleague Peter Scarlett, Chief  
9 Financial Officer; Sharyn Doyle, who is Manager Revenue in  
10 the finance area; Dick Day, who is Manager Rail  
11 Development; and Marg Brazel, who, among her many  
12 responsibilities, ensures coordination between the commuter  
13 representative groups.  
14

15 The short presentation that we have this morning ahead  
16 of providing the opportunity for questions is very much a  
17 high-level summary of the written submission that has been  
18 provided by State Rail and has been publicly displayed  
19 since its submission on our Internet site. Our emphasis in  
20 operating this rail system is clearly on the continuing  
21 safe operation and enhanced security for our customers and  
22 a focus on providing cleaner trains and maintaining  
23 reliability in what is a very complex network.  
24

25 In overview, the network we operate costs \$5.9m per  
26 day and the farebox brings in the order of \$1.3m per day.  
27 As the table currently on the overhead demonstrates, the  
28 percentage farebox recovery from passengers for the  
29 2002-2003 financial year is at a forecast 23 per cent, and  
30 that percentage has been declining. Today 77 cents in the  
31 dollar of operating this network is borne by the taxpayers  
32 who do not use the network, and that particular issue, and  
33 the appropriate balance between users and taxpayers, is  
34 clearly a matter of a broader inquiry to be undertaken by  
35 Tom Parry that was referred to earlier.  
36

37 While there may be discussion, and significant  
38 discussion, about fare types, fare structures, discounting  
39 proposals, all of those issues need to be addressed in the  
40 context of how the funding sources of this organisation are  
41 distributed between taxpayer and user, and I don't propose  
42 to dwell on that issue at all in this presentation.  
43

44 The funding gap that I referred to, however, is  
45 increasing. In the financial year just commenced CityRail  
46 will spend \$337m on capital works, and I'll deal with that  
47 in more detail. The cost of operating the network has

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1 increased in real terms by an average of 1.2 per cent over  
2 the past three years, in part reflecting the fact that  
3 community wage increases have been marginally ahead of CPI,  
4 and continue to be so.

5  
6 The real fare increases over that same three-year  
7 period, because of both CPI and GST, have in fact declined  
8 by 6.3 per cent in that period. So we have had an average  
9 real cost increase of 1.2 per cent and a real decline in  
10 fares over that period of time of 6.3 per cent.

11  
12 The gap has also been widened by increasing  
13 utilisation of the more discounted periodical tickets, and  
14 the growth in those is 9 per cent over five years, while  
15 the growth in return tickets is at 5 per cent. So all of  
16 those factors are contributing to the funding gap  
17 increasing.

18  
19 With regard to the performance of CityRail compared to  
20 the customer charter targets, we expect that in the wash-up  
21 the on-time running performance of the network will be in  
22 the range of 91, 92 per cent, currently estimated at  
23 90.9 per cent. That's for the 12 months to the end of last  
24 month. Significant investment and attention has now been  
25 added to in terms of enhanced security and safety on the  
26 network. On Monday of this week we graduated 107 new  
27 transit officers to bring our complement as at 30 June to  
28 300 active transit officers, and in the course of the next  
29 financial year we will be adding a further 200 transit  
30 officers to the network.

31  
32 There has been enhanced time made available for crew  
33 training, two days every 16 weeks, and the focus on safety  
34 in the organisation is certainly delivering real benefits,  
35 including a 26 per cent reduction in the number of signals  
36 passed to danger incidents on the network over the past  
37 year.

38  
39 There is a focus as well on enhanced cleaning, which  
40 continues to be a source of concern in parts of our network  
41 to many of our customers. We have reduced the cleaning  
42 cycles by half, increased the cleaning staff by 50, and an  
43 announcement that the Minister for Transport has made this  
44 morning adding a further 40 mobile cleaners to the network,  
45 they will commence their duties, having been through a  
46 training program, tomorrow. So 107 additional security  
47 officers on the network this week, 40 new mobile cleaners

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1 on the network this week is clear evidence of the financial  
2 commitment of the organisation to improve those issues that  
3 are of real concern to the customers. Before leaving that  
4 point, I think it's worth noting that the cleaning task  
5 that we undertake has included the removal of 154,000  
6 graffiti hits on the network and a need to repair 15,000  
7 seats vandalised in the course of the year.

8  
9 The capital investment, to run through that briefly,  
10 we have signed two stages of the contract to deliver new  
11 metropolitan trains, the Millennium trains. The first  
12 stage contract was for 81 carriages. 56 have been  
13 delivered to date. A stage 2 contract has been signed for  
14 a further 60 carriages for an additional cost of \$189m.  
15 Those trains are, of course, serving a number of purposes.  
16 They are adding to the capacity of the network to cope with  
17 growth, they are ensuring the timely replacement of  
18 outdated rolling stock on the network.

19  
20 In addition to the Metropolitan trains, \$172m is  
21 contractually committed for 41 new outer urban or outer  
22 suburban electric cars, designed to meet the growth in the  
23 south coast, central coast and lower Blue Mountains areas.  
24 The Hunter Valley doesn't miss out. The 14 cars that we  
25 use to operate the Newcastle suburban services will all be  
26 replaced through the commitment of a further \$102m  
27 contractually committed again for 14 new cars to be  
28 delivered by 2005.

29  
30 On our station program, \$24m is targetted for station  
31 improvements in the coming financial year. We already have  
32 easy access upgrading completed at 65 stations, and there  
33 is more to come this financial year. The extension of wet  
34 weather canopies at stations serves the purpose of allowing  
35 our customers to wait for trains without getting wet and  
36 also has an important reliability implication. In wet  
37 weather our customers crowd under available canopies on the  
38 station and, when the train does arrive, there's a mad dash  
39 to get on the train at the front and the back. That, of  
40 course, has a serious implication for the time taken in wet  
41 weather to load passengers onto the services, a particular  
42 issue in some of the more densely peak hour-used areas of  
43 the network. That investment is not only for the comfort  
44 of passengers but also clearly enhances the reliability in  
45 wet weather at those stations.

46  
47 The last point, an investment in the reduction in the

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1 gap that is a safety issue, the gap that is between the  
2 edge of the platform coping and the trains, and 98 stations  
3 have undergone that program to date. The results of that  
4 are a 21 per cent reduction in the number of safety  
5 incidents occurring.

6  
7 Improving the capacity of the existing network through  
8 infrastructure investments, a turnback at central costing,  
9 \$10m has been completed. A commitment in this year's  
10 budget to now proceed with the Bondi Junction turnback at  
11 \$55m, the purpose of the Bondi Junction turnback is to  
12 allow us to operate more trains up the Illawarra line  
13 through to the eastern suburbs. We have significant growth  
14 in that particular area of our network, growth that we  
15 cannot support by adding additional services because the  
16 capacity of the infrastructure coming into the CBD area  
17 cannot accommodate those additional services. The Bondi  
18 Junction turnback will allow us to increase track capacity,  
19 provide additional trains on the Illawarra line to relieve  
20 some of the significant overcrowding that currently occurs  
21 in peak hours. The amplification of the Richmond line is  
22 noted as completed in July 2003, and the further  
23 amplification of the Cronulla line, with a total capital  
24 expenditure intended of \$106m.

25  
26 In looking at the performance indicators, might I note  
27 at this time that we would expect during the month of July  
28 to significantly enhance the publicly available information  
29 on State Rail's Internet site on a number of these  
30 indicators. While we currently publish service reliability  
31 or on-time running data for the network to three minutes  
32 and 59 seconds, the revised more transparent reporting to  
33 the public will break that information down to a  
34 line-by-line basis, not just on a network basis. As I say,  
35 we would expect to introduce more detailed information,  
36 more transparent information, on our Internet site within  
37 the next couple of weeks.

38  
39 The summary of the performance issues, the on-time  
40 running, a key feature of key concern to our customers  
41 measured to 3 minutes and 59 seconds, we would expect that  
42 to be marginally over 90 per cent, and on the basis of the  
43 graph that you can currently see on the overhead, that is  
44 continuing a trend of keeping performance of the network,  
45 of a complex network, up above that 90 per cent level.  
46 I'd emphasise that ours is a complex network and by  
47 international standards the nature and complexity of the

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1 infrastructure is complex.

2  
3 The peak services provided measure is a measure of the  
4 cancellations. Again, the network continues to ensure that  
5 cancellation of timetable services is less than 1 per cent  
6 of the total services operated, and skipped stops measures  
7 the number of occasions where a control decision is made  
8 not to stop a train that is timetabled to stop at a  
9 particular station in order to advance the on-time running  
10 of that particular service. The frequency with which  
11 scheduled stops aren't made again is less than 1 per cent.

12  
13 Passenger safety and security remains an area of  
14 priority for the organisation. We now have in the order of  
15 over 5,000 closed-circuit television cameras on our station  
16 network. I've mentioned the introduction of the additional  
17 transit officers and the intention to continue that  
18 recruitment program to deliver another 200 transit officers  
19 to the network over the following 12 months.

20  
21 Train cleaning, the 40 additional mobile cleaners, we  
22 have found that while our trains receive an overnight clean  
23 in the stabling facilities, following the morning peak  
24 usage there is a significant increase in litter left on the  
25 trains, some corridors being significantly worse than  
26 others. The addition of the 40 mobile cleaners is intended  
27 to deal with improving the cleanliness of the trains  
28 between peaks prior to them going back for their regular  
29 24-hour clean following their use in the evening peak. And  
30 the detail of the cleanliness standards, the cleaning  
31 standards that are applied to the fleet are also set out on  
32 that particular overhead.

33  
34 Improving the passenger information so that our  
35 passengers understand the services that are provided and  
36 the information about trains running on the network has  
37 been the subject of a \$30m investment. We are, as I  
38 mentioned, improving the publicly available performance  
39 reporting of the network from this month, upgrading the web  
40 site so that its usability to our customers is improved and  
41 ensuring that notification of planned trackwork is also  
42 readily available to our passengers.

43  
44 By way of summary, and prior to opening up for  
45 discussion, the fare proposition that we are proposing this  
46 morning is a CPI increase plus a modest further amount that  
47 would reflect the significant investments that are

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1 occurring in improving the reliability, cleanliness and  
2 safety of the services that we provide to our customers. I  
3 am well aware that we are proposing that modest additional  
4 amount in an environment where there is significant public  
5 comment on the current Waterfall inquiry being conducted  
6 into the tragic accident at Waterfall earlier this year.  
7 It has also been proposed in an environment of public  
8 comment on the infancy issues that our contractor ETI is  
9 having with the new Millennium trains. But, for three  
10 reasons, I believe an objective view of a modest increase  
11 above CPI should be considered. Those three reasons, in  
12 summary, are that over the last three years the cost of  
13 running the network has increased by 1.2 per cent, the real  
14 level of fares has been reduced by 6.3 per cent, so in that  
15 sense there is a backlog.

16  
17 The second reason, CPI, while it's a readily accepted  
18 measure of the price movements in a basket of commodities,  
19 does not always reflect the real cost structures of  
20 transport operators and, indeed, labour is a significant  
21 component of operating costs for rail, public bus, private  
22 bus operators, and labour is certainly increasing at a rate  
23 that is marginally above the CPI. Lastly, and most  
24 importantly, putting aside the \$337m invested in capital  
25 and disregarding it for the purposes of this conversation  
26 to support a modest increase above CPI, in terms of  
27 recurrent expenditure, the additional transit officers for  
28 passenger security, the additional cleaning staff that are  
29 being committed to in real dollars represents a total new  
30 expenditure for the coming financial year of over \$30m.

31  
32 Even if one simply continues the current 23 per cent  
33 proportion of that cost to existing users and leaves 77 per  
34 cent of that additional amount of money with the taxpayer,  
35 I believe that in itself would support again a modest  
36 increase above CPI. We do not believe that, given the  
37 interests of all stakeholders involved in fare review,  
38 we're in the position to make that objective assessment.  
39 Indeed, the purpose of undertaking these hearings is to  
40 ensure that there is an objective assessment of those  
41 issues undertaken.

42  
43 MR COX: Thank you very much. It is a CPI plus proposal,  
44 and I note that. You suggest that a CPI increase is  
45 required to maintain existing operations, but it seems to  
46 me from listening to you that that is perhaps not what  
47 you're meaning; you're perhaps indicating that something

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1 more than CPI is required to maintain existing operations

2  
3 MR GRAHAM: Historically CPI has been used as a surrogate  
4 for acceptability of expected cost increases of an  
5 organisation. The point that I challenge is that, in terms  
6 of normal operating cost increases for any transport,  
7 public transport, passenger transport, private passenger  
8 transport organisation, that may not necessarily be an  
9 accurate surrogate for cost increases.

10  
11 MR COX: It would be of interest to us to get some better  
12 indication of what a more accurate measure may be. If  
13 that's possible, it might be of assistance to us in  
14 thinking about this issue.

15  
16 MR GRAHAM: Again, in order to be objective about that,  
17 there are ABS data statistics on average weekly ordinary  
18 time earnings for the Sydney environment, and we'd be more  
19 than happy to provide that ABS data to you.

20  
21 MR COX: Thank you. I take it you're not looking for  
22 anything much in terms of fare restructuring this year. It  
23 seemed to be implicit in your remarks that basically we  
24 should be looking at status quo on issues of fare  
25 structure.

26  
27 MR GRAHAM: That's correct.

28  
29 MR COX: Thank you for that. Looking now to the backdrop  
30 of what you're saying, you've put up some figures that show  
31 the reducing level of cost recovery in recent years. You  
32 mentioned that the history of fares has been attributed to  
33 that, and I think that's correct, but there seems to be a  
34 number of other things that have contributed to that,  
35 including what's happened to patronage and what's happened  
36 to costs. You talked about costs a bit, you didn't talk  
37 much about patronage. What has happened to patronage?  
38 What do you think will happen in the near future and what  
39 strategies do you have in place to address those?

40  
41 MR GRAHAM: In our public submission we have provided  
42 the  
43 graph of patronage and, in order to remove the distortion  
44 of the Olympics from that, we've presented the information  
45 in our public submission free of the Olympics patronage  
46 information. Clearly, that patronage information is  
47 showing a decline in patronage over the last 12 months.  
That is consistent with the STA's experience.

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1  
2 The issues leading to that in our view are again  
3 somewhat driven by CBD employment, but I think we have  
4 also  
5 experienced, with the opening of the M5 east, a transfer of  
6 passengers from rail to car, given that one can, with the  
7 M5 east, now drive from Campbelltown through to the CBD  
8 almost without engaging a traffic light along the way.  
9 Those mode or competitive issues, particularly in that east  
10 hills, south-western sector, have had a financial patronage  
11 impact.

12 MR COX: What about looking to the future?  
13

14 MR GRAHAM: We do not see in the near term factors that  
15 would significantly modify what has been a long-term  
16 underlying growth in the network. The economic cycle will  
17 clearly come and go, but our primary concern is in areas  
18 where we cannot provide the capacity to cater for that  
19 growth, and that concern at the moment would be focused on  
20 some of the peak hour crush loads that we are incurring on  
21 the Illawarra line because of our inability to put more  
22 trains on, solved, of course, by the investment in the  
23 Bondi Junction turnback and additional capacity.  
24

25 Customers' decisions to use the CityRail network will  
26 be driven by I think the well understood criteria, the  
27 accessibility, the reliability of the service, the amenity  
28 of the service, and each of those issues with continuous  
29 improvement, we've no doubt improved the public perception  
30 of public transport and of our services in particular.  
31

32 MR COX: One of the things that you mentioned in your  
33 submission is increased attention to issues of revenue  
34 protection, and I, as a frequent train traveller, have  
35 noticed this in my personal life. I appreciate that. How  
36 much more revenue do you expect to achieve in this  
37 increased emphasis on revenue protection and how have these  
38 estimates been worked out? What implications does that  
39 have for the level of cost recovery in the next year?  
40

41 MR GRAHAM: The issue of revenue protection, in terms of  
42 trying to understand the possible magnitude of revenue  
43 leakage because of fare evasion, there have been a number  
44 of approaches and surveys done on that. I think clearly  
45 the most robust methodology is to have an intensive  
46 inspection of tickets over a defined number of carriages,  
47 counsel the total passengers and identify the percentage of

1 passengers who either don't have a valid ticket or they  
2 have an inappropriate ticket. On that basis those surveys  
3 have been done and we do have an understanding, on the  
4 basis of that sampling methodology, of what that revenue  
5 leakage potentially is. I think those estimates generally  
6 are at \$15m plus per annum.  
7

8 In terms of the strategy to deal with that issue,  
9 clearly, a passenger who is intent on taking the risk is  
10 going to be influenced in the decision not to buy a ticket  
11 by the likelihood of being challenged to provide the  
12 ticket, and by increasing the number of transit officers on  
13 the network, we will increase the frequency with which you  
14 as a passenger do get challenged for your ticket.

15 Also, consideration as to whether, when a passenger is  
16 challenged and cannot produce a ticket, the level of fine  
17 is appropriate and whether the level of fine in itself is  
18 an encouragement to take the risk. You'll note that last  
19 week the minister announced a doubling of the fines  
20 applicable for fare evasion and other antisocial behaviour  
21 on the network. So it's a dual strategy of increasing the  
22 likelihood of the number of times a traveller will be  
23 challenged to provide the ticket and ensuring that the  
24 penalty associated with taking the risk is significantly  
25 enhanced.  
26

27  
28 MR COX: How have you approached the question of  
29 thinking  
30 about what this might mean for cost recovery in the coming  
31 year?  
32

33 MR GRAHAM: We haven't given any objective assessment to  
34 that. We do know from the experience of the increasing  
35 number of transit officers to date that we are certainly  
36 improving the number of times passengers are challenged,  
37 but I don't know whether Peter would like to add to that.  
38

39 MR SCARLETT: No, we haven't been able to put a figure  
40 around that in terms of what we might expect to be  
41 occurring, but clearly we are seeing, as we indicated, an  
42 increase in the travel numbers.  
43

44 MR COX: I'm just wondering, from our point of view, what  
45 allowance we should make in our own thinking for this  
46 change in structure.  
47

47 MR SCARLETT: We could look at that. Perhaps getting back

1 to you might be the most appropriate thing to do.  
2  
3 MS CIFUENTES: Your statement that you'll be providing  
4 further information on on-time running on a line-by-line  
5 basis I think is most welcome, and I think you were saying  
6 that it should be on the web sometime this month?  
7  
8 MR GRAHAM: That's correct.  
9  
10 MS CIFUENTES: What other key performance indicators are  
11 you planning to put on your web site?  
12  
13 MR GRAHAM: A very comprehensive list. It isn't limited  
14 to simply enhancing the number of lines, long-time running  
15 reporting. There's an increase in the performance measures  
16 that we are reporting across the range of safety-related  
17 matters, security-related matters, a whole range of issues  
18 that are important to the customer. I think we're to the  
19 point this week where we'll be able to provide to you both  
20 the pro forma and the populated pro forma of that enhanced  
21 open reporting to our customers in a public light.  
22  
23 MS CIFUENTES: And that will include statistics on, for  
24 example, personal injury, crime rates?  
25  
26 MR GRAHAM: That's correct.  
27  
28 MS CIFUENTES: Will that also be on a line-by-line basis?  
29  
30 MR GRAHAM: Certainly the on-time running is. I don't  
31 think the crime rate is. I think we'll step into this and  
32 provide a network of that.  
33  
34 MS CIFUENTES: Can you give a broad indication of the  
35 trends in that particular area, personal injury, crime,  
36 et cetera? To the extent that it's linked to a request for  
37 a fare increase to reflect those service improvements, that  
38 would be useful to have some idea of the trend in that  
39 particular area.  
40  
41 MR GRAHAM: I think the trend is twofold. Prior to the  
42 introduction of the additional transit officers I referred  
43 to who graduated earlier this week, I think the trends for  
44 security incidents on the trains were improving, but the  
45 trends for security incidents on stations were not  
46 improving.  
47

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1 Again, it's not simply a matter of the additional  
2 transit officers, it is a matter of applying what would  
3 broadly be called intelligence-based policing that will  
4 allow us to prioritise the allocation of the additional  
5 transit officers to the areas that our intelligence is  
6 showing us and the transit police intelligence is showing  
7 us are the more difficult areas.  
8  
9 MS CIFUENTES: From a consumer perspective, would it be  
10 reasonable to fund, through a fare increase, or partial  
11 fare increase, these improvements or planned improvements  
12 in security, I think you said around about \$30m extra on  
13 security and cleaning? Is it reasonable to fund that ahead  
14 of actual improvements, improvements that can be seen by  
15 the commuter?  
16  
17 MR GRAHAM: I appreciate the philosophy of that particular  
18 question and what's behind it. I suppose, from a customer  
19 point of view, they would acknowledge the initiative, but  
20 obviously, as those initiatives roll out, they will  
21 progressively see the benefit of that. From a financial  
22 point of view, of course it costs up front and from a  
23 prudent financial management of the organisation, obviously  
24 I would seek to try to progressively recover that  
25 investment.  
26  
27 MS CIFUENTES: Which I guess leads me to the issue of cost  
28 recovery, and I take on board your opening comments about  
29 Dr Parry's inquiry. We have heard, though, from STA, or  
30 we've had their thoughts on appropriate cost recovery  
31 levels for the various businesses. Do you have a view on  
32 what might be an appropriate cost recovery level for  
33 CityRail and how you might define cost recovery, because we  
34 know there are various measures?  
35  
36 MR GRAHAM: The short answer is no, we don't, nor do we  
37 believe that is an appropriate decision to be made by  
38 railway. It is an appropriate decision for the board of  
39 commuting. The balance of what should be paid by the user  
40 and the taxpayer is very much in line with what public  
41 policy issues are about the encouragement of public  
42 transport, the discouragement of road use, and those  
43 cross-modal public policy issues are obviously an important  
44 ingredient in the consideration of what the appropriate  
45 level may be. I'm confident that that particular issue  
46 will receive significant interest in the upcoming inquiry  
47 by Tom Parry.

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1  
2 MS CIFUENTES: Presumably, though, it is within  
3 management's area to look at efficiency in your cost  
4 structure. What initiatives are you taking, or planning to  
5 take, to identify any possible areas of efficiencies in  
6 your costs?  
7  
8 MR GRAHAM: I think the most significant initiative that  
9 is currently being implemented is the broader government  
10 decision to integrate the operations of Metropolitan rail  
11 with State Rail. That project is currently under way to be  
12 implemented through new legislation by 1 January, and we  
13 would expect to see significant cost reduction in combining  
14 two corporate areas of those two organisations into one,  
15 and that is the major cost initiative that is currently  
16 receiving considerable attention of management in both  
17 organisations.  
18  
19 There are also a range of other initiatives.  
20 Consolidation of signal boxes and the improved efficiency  
21 that will flow from that has of course been rolled out as  
22 well. So the integration of the two organisations I think  
23 will be the significant issue that will be planned for  
24 implementation by 1 January. The ongoing benefits, of  
25 course we may see the full effect of those.  
26  
27 MR COX: I think that covers it. Thank you very much for  
28 your presentation and for answering the questions.  
29  
30 MR GRAHAM: Thank you.  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

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1 ACTION FOR PUBLIC TRANSPORT  
2  
3 MR COX: We now have a presentation from Action for Public  
4 Transport, if you could come up and identify yourselves and  
5 we will then proceed.  
6  
7 MR MILES: My name is Allan Miles, Secretary for Action  
8 for Public Transport. I will just go through the slide  
9 presentation. I might skip through some of them,  
10 especially the rail because there are some people more  
11 qualified to talk about rail than I am. I will concentrate  
12 mainly on the buses. That first overhead is a general  
13 description of our organisation, which is the same from  
14 year to year.  
15  
16 Next, APT made two submissions, one was in January  
17 2003 before the election and before the delay. Our idea  
18 was to get our ideas into the process early so that we  
19 could discuss things with CityRail and State Transit.  
20 Unfortunately, that never happened, at least until last  
21 Friday when I had a discussion with CityRail. I have had  
22 no discussion with State Transit on our proposals.  
23  
24 When the second submission came, that was to comment  
25 on CityRail and State Transit's proposals, which wasn't  
26 hard because there was nothing in either of them really.  
27 Next is our proposals on the overhead. It is just to show  
28 that we had quite a lot of ideas about what could be done.  
29  
30 The next overhead is State Transit's proposals. Next  
31 is CityRail's specific proposition. Next is, apart from  
32 one minor new ferry ticket, there is not one firm proposal  
33 or decision from either authority. Minor fare rises are  
34 left to the tribunal. Major fare prices are left with the  
35 Minister's funding inquiry and ticketing changes are left  
36 for the integrated ticketing system which may or may not  
37 happen. We are very disappointed that they have failed to  
38 respond to this challenge.  
39  
40 In the absence of any direction from State Transit  
41 about fare levels I have come up with this level of  
42 increases. I will concentrate mainly on the issue of cash  
43 fares, which John Stott mentioned earlier. The next  
44 overhead is the proposed increases. It shows that the  
45 TravelTens and TravelPasses have increased by much greater  
46 levels over the last eight or nine years than has the cash  
47 fares. We think that is wrong for two reasons. One is it

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1 is personalising the people, your good customers, who use  
2 the system more and also by not increasing the cash fares  
3 it is slowing down the buses.

4  
5 Next, cash fares slow down buses, we have all  
6 experienced that, and I said the trend towards off-vehicle  
7 purchases was well established until the STA and IPART  
8 agreed to reduce the discount down to 20 per cent.

9  
10 Next, State Transit in the last two submissions has  
11 said that the cash fare proportion has fallen from 24 per  
12 cent to 20 per cent. State Transit does not say whether 20  
13 per cent is acceptable and, if it is or isn't, what is the  
14 acceptable level. I do not think State Transit is doing  
15 enough to make these things available.

16  
17 I was talking to a girl at my local bus stop who had  
18 paid \$2.60, had never heard of a TravelTen or TravelPass,  
19 and when we got to Town Hall I took her to the news agency  
20 immediately to buy a \$30 TravelPass. It is a fact that  
21 there is a high ignorance that TravelTens are transferable.  
22 It does not mention this in the brochures or on the ticket.  
23 By that I mean, two people getting on a bus can use the  
24 same ticket, I can put it in and the person behind me can  
25 put it in again. You can't do that with TravelPass because  
26 that is a once only ticket, but TravelPass you can. State  
27 Transit is failing to make this fact well known.

28  
29 Again with the cash fares, has STA identified areas  
30 where cash fares are a problem? I know one where they have  
31 and that is in Druitt Street outside Town Hall where they  
32 have employed the very high tech device of a queue  
33 conductor to put people onto the buses. There are a lot of  
34 things that can be done. We have raised before the  
35 suggestion of a trial of a no cash bus. John Stott might  
36 have had the wrong idea. I never tied up the no cash bus  
37 with an express bus.

38  
39 The suggestion that you are paying a reduced  
40 discounted fare for a premium service is not correct. My  
41 idea is that on a very, very frequent route like the 380  
42 where there is a bus every two minutes that every fourth or  
43 fifth bus could be a no cash bus, which would mean no real  
44 delay for the person who has to pay cash but it would show  
45 them that a no cash bus is much faster.

46  
47 Next is our proposals for cash fares, in other words,

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1 a very large increase for the two lower ones, which is by  
2 far - they tell me it is probably 80 per cent of the  
3 patronage. It looks like a very large jump, and I am not  
4 going to excuse that, but I think that is something that is  
5 necessary. Along with that there has to be an increase in  
6 the TravelTens and TravelPasses.

7  
8 Next, you can see by the rough calculations I did on  
9 the back of an envelope type stuff to show that a 3 per  
10 cent increase I think could all be applied to, well, State  
11 Transit could get its 3 per cent increase in fares all from  
12 cash fares without imposing a very high extra fare. That  
13 worked out at 20 cents, or perhaps 30 cents per adult trip.  
14 It is a very rough calculation but I don't think it would  
15 be out more than 10 cents either way. I would like STA to  
16 consider putting the whole of the CPI increase, whether 3  
17 or 5 per cent, onto the cash fares and not onto the  
18 TravelTens or TravelPasses.

19  
20 Next, those TravelTens, I have just suggested a very  
21 slight increase to round things off to even dollars.

22  
23 Next, TravelPasses, again, this is a subject we bring  
24 up every year. We don't think the discount is excessive.  
25 A person has a journey which might involve catching a train  
26 and a bus or a train or two buses and CityRail and State  
27 Transit calculate their purported discount by saying, I  
28 think it is by including the flag fall each time. CityRail  
29 does not do that because if you go from Ashfield to  
30 Hurstville or somewhere and change at Redfern, the fare  
31 does not increase. I checked about St Marys to Redfern and  
32 St Marys to Sydenham is the same fare, but if you got out  
33 at Redfern and got back on, it cost you an extra \$2 or \$3,  
34 so CityRail does not penalise passengers for changing fares  
35 while State Transit does and the combination of the two do.

36  
37 As for TravelPasses, I recommend no increase at all in  
38 any of those because, as you can see, there has been quite  
39 large increases over recent years. The "purple" one at the  
40 bottom is an anomaly because it went down last year, not  
41 up.

42  
43 Next, this is the proposed new zone. I discussed this  
44 with Margaret Brazel the other day. I made the mistake of  
45 identifying a problem and offering a solution. I should  
46 know that from over the years of dealing with authorities,  
47 you tell them the problem. The problem, I live at Stanmore

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1 so I declare an interest, those inner suburban areas are  
2 cut off by the red TravelPass to major centres, Burwood,  
3 Kogarah, Campsie, so rather than suggest a new brown  
4 TravelPass zone, as I have there, I leave it to State  
5 Transit to come up with some method of enabling those Inner  
6 West residents to visit those places both on trains and on  
7 buses without waiting for the integrated ticketing system,  
8 please.

9  
10 Next, CityRail fares generally, I will not have a lot  
11 to say about this, I don't mind if it is a 3 per cent or 5  
12 per cent increase for singles, off-peak returns, weeklies,  
13 but not TravelPasses.

14  
15 Next, CityRail weeklies. I did this slide in response  
16 to a comment in one of the CityRail submissions that the  
17 discount, they are asking for a discount reduction in the  
18 metro area. I said that a \$23 weekly from Lawson to  
19 Katoomba, why not reduce that one? I have discussed that  
20 with CityRail and I am happy about leaving it at that.

21  
22 Next, we have talked for many years about this, the  
23 CityRail TravelTen. It is possibly feasible in the CBD  
24 where all the stations are gated. I have spoken with  
25 CityRail about that and I am happy that they would love to  
26 do it but it is just technically very difficult at the  
27 moment.

28  
29 Next, Day Tripper. Somebody mentioned before that  
30 they thought the price was very cheap. It is indeed and so  
31 \$14 or 15 I am sure would not go astray. Bus Tripper is  
32 State Transit's best kept secret. I asked the fellow at the  
33 kiosk at QBE on the way up here this morning, I said "Do  
34 you sell them", I said, "Bus Tripper, not Day Tripper", and  
35 he said, "No, we don't have those", so they are not readily  
36 available. They are not readily available and in fact they  
37 are deliberately hidden by State Transit. A year or two  
38 ago I got some nonsense from somebody to say they could not  
39 show it on the leaflet because there were too many things,  
40 there are already other 63 other ticket prices on there.  
41 That is my application for that.

42  
43 I note the comment regarding the Day Tripper, that  
44 there is still conflict between CityRail and State Transit  
45 about who gets what share of the pudding. That is a  
46 perennial problem. Pensioner excursion tickets, of which I  
47 am now a proud holder for the first time, I realise that it

.3/7/03 41 APT

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1 is not the tribunal's place to discuss this but I think it  
2 is a way that State Transit and CityRail could get extra  
3 revenue. They might also consider off-bus sales of those  
4 because I am not one of those cash people who hold up the  
5 bus paying cash fare for a pensioner ticket.

6  
7 Next, integrated ticketing. We think it is basically  
8 a good idea but we caution against people expecting it to  
9 be a panacea. We also caution against doing nothing while  
10 waiting for it. There are many things that can be done  
11 without waiting for that to come in. I think State Transit  
12 and CityRail are sitting on their hands waiting for  
13 everything to fall into place in five years time. There is  
14 still, despite some initial moves, no input from the  
15 commuters, whether it is ours or the Commuter Council or  
16 other people, into that process.

17  
18 I had a nice talk with somebody but that is the last I  
19 heard from them. That was the day before the Easter show  
20 started. Also it has been pointed out to me that IPART  
21 itself should have some input into that process because the  
22 IPART legislation requires it to look at ticketing systems.

23  
24 Next, yearly tickets by salary reduction. I worked  
25 all my life in the Commonwealth Bank and I used to pay off  
26 my yearly tickets out of my salary every year. That was  
27 done through an office in CityRail. That office is now  
28 abandoned. That does not mean that the process does not  
29 still go on but, as I said, it is more difficult for large  
30 companies to do it because they perhaps wouldn't know how  
31 to do it. However, I spoke to Margaret Brazel the other  
32 day and she says there are some very enterprising station  
33 managers in the city area who go out and sell these tickets  
34 in large amounts to their corporate customers who pass them  
35 on to their staff, so I am happy about that.

36  
37 Next, I am disappointed there is no input from any  
38 other government department apart from Michael Costa and  
39 his daily news announcements.

40  
41 Next, with public transport advocates, they are great  
42 fans of Toronto. Toronto is a very similar size to Sydney.  
43 That is the way they handle their fares there on the  
44 overhead.

45  
46 Just the closing overhead; and that is all.

47

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1 MR COX: Thank you very much for your submission. I  
2 suppose the main issue you brought up was the one of the  
3 cash fares and you mentioned the 20 per cent discount for  
4 periodical tickets. Do you have a view of what the right  
5 discount is or how should we think about that issue?  
6

7 MR MILES: I am asked this question every year. Certainly  
8 no lower than 20 per cent, possibly 25 or 30. StateRail and  
9 CityRail, they talk about this constantly about discounts  
10 and how they are losing money, but they must also remember  
11 they are saving money in printing tickets, in selling  
12 tickets, and in the case of yearly tickets they have the  
13 money upfront for a whole year before it is actually spent  
14 by them, so I think they have to recognise the benefits to  
15 themselves of that. I maintain the 20 per cent is a  
16 minimum, and maybe more.  
17

18 MR COX: Looking at your fare proposals, you suggest some  
19 quite substantial increases in cash fares. If you did a  
20 weighted increase calculation for it, might it be  
21 substantially in excess of the 3 per cent that State  
22 Transit is proposing? Have you done that calculation? Is  
23 that the case? If there is a divergence, how would you  
24 suggest we should think about it?  
25

26 MR MILES: First of all, State Transit's figures are often  
27 very difficult to match one with another. I don't have the  
28 figures available. If it means more than 3 per cent, 5 per  
29 cent, 10 per cent, I am comfortable with that, perhaps not  
30 happy, because I think something drastic needs to be done  
31 to win people off cash fares and put them into a prepaid  
32 ticket. That also means possibly some changes to the  
33 prepaid ticketing system. Somebody suggested that people  
34 can't afford a TravelTen but they can afford a six pack or  
35 12 pack at the pub, so they can afford a TravelTen. Maybe  
36 State Transit could have a four-ticket or something, or  
37 even as they do every year or the last two years for the  
38 City to Surf race, they issue a TravelTwo ticket, at no  
39 discount, so that possibly even though there is no discount  
40 it certainly still saves time on the buses. Does that  
41 answer your question?  
42

43 MR COX: It does.  
44

45 MS CIFUENTES: Just looking again at the proposed  
46 increases in cash fares, the TravelTens, it seems to me  
47 that your submission doesn't really provide a great deal of

1 comfort for those who might be reliant on cash fares from  
2 income considerations?  
3

4 MR MILES: Correct.  
5

6 MS CIFUENTES: For someone travelling, let's say three to  
7 five sections on a return, they would be paying under your  
8 proposal say \$6, there and back, compared to the equivalent  
9 of \$3.80 if they could afford to buy a TravelTen. Do you  
10 have a feeling at all about the equity issues that might be  
11 involved in that given that one of the general policies of  
12 APT on fare levels is equity across users and across  
13 regions?  
14

15 MR MILES: I might have to change that slightly. My  
16 friends from Public Interest Advocacy may have a word with  
17 me. If people can't afford it, you are talking about  
18 people in full employment who can't get concessions, they  
19 still have to pay to catch the bus? A lot of people have  
20 concession tickets and if they could arrange their finances  
21 they could get, afford, a travel four, five or something  
22 like that which is a bit cheaper.  
23

24 MS CIFUENTES: A TravelTen at a discount?  
25

26 MR MILES: A small discount, yes. I will leave State  
27 Transit to work that out. There is also equity for the  
28 people on the bus who paid fares and want a quicker trip  
29 and are slowed down by not just "Does this bus go to  
30 Newtown" but people paying cash fares and they have no  
31 change or anything.  
32

33 MS CIFUENTES: Again, just on the general policy of fare  
34 levels, you indicate that APT's general policy is that  
35 fares should be high enough to achieve reasonable cost  
36 recovery. This is again an issue that is of great interest  
37 to the tribunal. What would you consider to be reasonable  
38 cost recovery?  
39

40 MR MILES: Mr Costa said in the paper yesterday or today  
41 that 22 per cent was too low. Something like 40 per cent,  
42 perhaps, off the top of my head. Sydney is very low cost  
43 recovery at the moment so I think it has to be increased  
44 and, as John Stott said, for most people the price of the  
45 ticket is well down the list of reasons why they do or  
46 don't catch the bus or train. I think there is scope for  
47 increasing the price of the tickets and increasing cost

1 recovery through fares.  
2  
3 MS CIFUENTES: That would also apply to buses?  
4  
5 MR MILES: Yes.  
6  
7 MR COX: Thank you very much.

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1 COMMUTER COUNCIL OF NSW  
2  
3 MR COX: The next presentation is from the Commuter Council  
4 of New South Wales, if you could please come forward and  
5 introduce yourself.  
6  
7 MR PARISH: Thank you very much for the opportunity to  
8 address the tribunal. I'm Kevin Parish, from the Commuter  
9 Council of New South Wales. I don't pretend that I'll be  
10 able to give you a submission that will adequately deal  
11 with the complexities of this issue. One of the drawbacks  
12 of being a consumer advocate is that they don't give you  
13 the resources to do the consumer advocacy. In this brief  
14 session I'll concentrate on the longer-distance travellers  
15 and the weekly and periodical users. I'd like to be able  
16 to concentrate on all the ticketing systems, but the time  
17 just does not allow for that, so I'll concentrate on these  
18 others, because when you read the State Rail submission,  
19 that seems to be what they're concentrating on.  
20  
21 For those who may not be aware, commuter associations  
22 came into existence about 1968, and the forerunner of the  
23 Commuter Council in about 1972. These organisations have  
24 operated actively and continuously since then. One of the  
25 main reasons for the creation of these organisations was  
26 rising fare costs, and, needless to say, that's been a  
27 continuing interest in those organisations.  
28  
29 A key point here is that commuters who travel by train  
30 to and from work have heavy financial commitments and are  
31 very sensitive to fare increases. They need to be able to  
32 plan and budget for the years ahead. These days houses are  
33 getting dearer and everything, land is getting dearer. You  
34 need to know how much money you're going to have at your  
35 disposal in order to repay those debts, and any fare policy  
36 needs to be a long-distance fare policy so that people can  
37 plan. There's nothing worse than getting hit with a \$10 or  
38 \$15 a week increase in your fares for which you have not  
39 made any provision in your budgeting.  
40  
41 I must say at this stage that the Commuter Council has  
42 found the authorities with whom we deal, like the  
43 Department of Transport, the State Rail Authority and the  
44 State Transit Authority, to be very conscientious and  
45 diligent, and we believe they do their best under difficult  
46 circumstances. In particular, I'd like to express my  
47 appreciation to such people as Margaret Brazel, Dick Day,

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1 Peter Dempster, Paul Dunn and John Stott.

2  
3 We do not support the current media denigration  
4 campaign. We believe the Millennium train will be a  
5 first-class vehicle. We point out that all previous new  
6 technologies have had teething troubles and we ask the  
7 tribunal to take that into account.

8  
9 My friends from CityRail have constantly said that the  
10 cost of train services, particularly from outer areas, the  
11 fare revenue collected is decreasing in relation to the  
12 cost, and their view seems to be that fares paid by longer  
13 distance commuters on weeklies and periodicals should be  
14 substantially increased.

15  
16 The Commuter Council says that commuters are entitled  
17 to know future likely costs so that they can take this into  
18 account in deciding where they are going to live. There  
19 should be a clear government policy indicating fairly  
20 accurately how much they are going to have to pay in the  
21 future.

22  
23 You appreciate that long distance commuter fares are a  
24 fairly significant expense and salary increases can affect  
25 the ability of commuters to meet their housing, health and  
26 education needs. We acknowledge that commuters have  
27 different abilities to pay or willingness to pay. Some  
28 find that to and from work train travel is good value,  
29 whereas others have great difficulty in affording it. I  
30 know that we've raised that before and I know that we've  
31 discussed it with the authorities before, and of course the  
32 general belief is that it's too difficult to take that into  
33 account when you're determining fares. Therefore, it seems  
34 generally agreed that fares should be set to an affordable  
35 level that can be afforded by the lower paid, with the  
36 taxpayer paying the remainder.

37  
38 It was agreed that some fare payers would be prepared  
39 to pay more for real improvements in service. As far as  
40 the longer distance commuter is concerned, this means  
41 actual door to door speed-up of trips. I know that the  
42 current thing says that the objective is safety,  
43 reliability and cleanliness, but I can assure you that,  
44 from surveys done, the longer distance commuter wants  
45 faster trip times, and by that they mean faster from door  
46 to door because a lot of our services don't connect  
47 properly and that substantially affects their problems. So

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1 to them these other issues of safety, reliability and  
2 cleanliness are not nearly as important as the speed  
3 aspect. I'd admit comfort, of course, is a factor that you  
4 can take into account in determining fares because all the  
5 complaints we get about some of the poorer carriages  
6 indicate that that's a factor that they consider is  
7 important.

8  
9 Service frequency of course is a factor that commuters  
10 are also prepared to pay for. So there are lots of things  
11 that affect the levels that commuters would say is a fair  
12 fare, and I believe these all have to be identified.  
13 People who benefit from them have to be identified, and  
14 maybe there have to be targeted fares so that the people  
15 who benefit from something pay for it.

16  
17 If fares are to be linked to services and facilities,  
18 it stands to reason that commuters must have a real say on  
19 whether they are necessary or not and what type should be  
20 provided. When we had the old marketing section 15, 20  
21 years ago we used to try to do this, but today a lot of  
22 that seems to be decided without any real consultation with  
23 the commuters at all.

24  
25 There also has to be an acceptable refund for lack of  
26 service. This has to be developed and introduced. Maybe  
27 with the new ticketing systems, and so forth, there's the  
28 opportunity of doing that. We don't want to lumber them  
29 with an administrative nightmare, but we feel there has to  
30 be some way of giving a refund or some sort of other  
31 gratuity for lack of service.

32  
33 The general concept of fare rises needs to be  
34 carefully considered. Previously it seemed policy that  
35 fares would rise in line with the national CPI - not rail  
36 CPI but national CPI - and that railways would budget to  
37 provide the best possible service that this income would  
38 support. If there is to be a variation from this policy,  
39 then the commuter agreement to the particular improvements  
40 is needed.

41  
42 It is considered that the taxpayer - that is, the  
43 government - should decide what services and facilities  
44 they will provide and that commuters should decide what  
45 they want to get that they're prepared to pay for. The  
46 question here, of course, is should honest and well-behaved  
47 users pay for revenue protection and security staff. I

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1 mean, they should be self-supporting financially. They  
2 shouldn't come out of the farebox. I notice that a  
3 significant increase in the cost has been due to those two  
4 factors. Also, should the ordinary farebox payer pay for  
5 the accessible program that's currently going on that costs  
6 a lot of money? There again that's a community  
7 responsibility. It should be paid for by the community.  
8

9 Both of these are items of increasing cost. It should  
10 be kept in mind that the rail user already pays 10 per cent  
11 on their fares to state revenue in the form of the CPI.  
12 That doesn't seem to be mentioned in the things, but  
13 definitely that's going into state revenue and that should  
14 be taken into account. That's all I have to say.  
15

16 MR COX: Thank you so much. What is the view of the  
17 Commuter Council about a fare increase at or around the  
18 consumer price index?  
19

20 MR PARISH: Well, we've already discussed that. Yes, we  
21 agree to a national CPI increase, yes.  
22

23 MR COX: There was much discussion earlier this morning  
24 about what proportion of the costs of the rail system  
25 should be recovered from passengers, as opposed to being  
26 paid for by government or by taxpayers. What's your  
27 thinking on that issue?  
28

29 MR PARISH: We've discussed this at length and it's an  
30 exceedingly complicated question. As I said earlier, some  
31 people find the existing fares to be beyond their means and  
32 other people find it to be petty cash. Now, if you can't  
33 introduce a system whereby you charge the people according  
34 to their ability to pay, the logical way of doing it is to  
35 introduce a fare that all people can afford to pay and the  
36 community picks up the difference.  
37

38 Certainly there's room for negotiation on targeted  
39 improvements. If you go to the commuters in a particular  
40 area and say, "We're prepared to do this if you're prepared  
41 to pay that", that's fair and reasonable, but at the moment  
42 the feeling is that the fares charged should be affordable  
43 by all of the community and any difference between what  
44 they pay and what it costs should be met by the community  
45 at large, but also take into account these other factors.  
46 All these security staff we have on, the Chubb people and  
47 all that, they're costing heaps of money, but should they

1 be paid for by the user? Misbehaviour of the community  
2 seems to be a social issue, nothing to do with the  
3 transport operators or the fare payers. So it's very  
4 difficult to answer your question.  
5

6 MS CIFUENTES: You've mentioned several times in your  
7 submission that if fares are to be related to services and  
8 facilities, then consumers should have a greater ability to  
9 have a say in what those services and facilities should be.  
10 How do you think that consultation between commuter

groups  
11 and the transport providers could be improved?  
12

13 MR PARISH: I could speak hours on this subject.  
14

15 MS CIFUENTES: You have only minutes.  
16

17 MR PARISH: What I meant in saying that is that if there's  
18 a specific improvement identified that could be implemented  
19 and you identify the people who will benefit from that  
20 improvement, then in the form of purpose, you ask those  
21 people are they prepared to pay for it? That's not hard to  
22 do. We've done that in the past.  
23

24 MS CIFUENTES: Would you say you're generally satisfied  
25 with the level of consultation between the transport  
26 providers and the general community?  
27

28 MR PARISH: I'd have to say no, but I'd have to qualify  
29 that by saying I'm satisfied the State Rail Authority and  
30 State Transit Authority are doing their best. Keep in mind  
31 that we're all volunteers, we don't get paid, we do this in  
32 our spare time, and we're just not available to spend the  
33 amount of time needed to get a proper consultative system  
34 working. Certainly when we had paid staff provided to sort  
35 of digest all this and tick-tack backwards and forwards it  
36 helped a lot, but I'd like to see it a lot better. I'm not  
37 quite sure how we would do it, though.  
38

39 MS CIFUENTES: I'm also intrigued by a comment that you've  
40 made here that weekly and periodical ticket holders should  
41 not contribute towards the cost of security as they rarely  
42 use it.  
43

44 MR PARISH: Can you repeat that?  
45

46 MS CIFUENTES: Yes. You've said that weekly and  
47 periodical ticket holders should not contribute towards the

1 cost of security, presumably on trains and buses, as they  
2 rarely need it.  
3  
4 MR PARISH: That's right. They don't put security on peak  
5 trains, no.

6  
7 MS CIFUENTES: So you're saying because there's no  
8 security at peak time, they shouldn't incorporate that into  
9 weekly tickets?

10  
11 MR PARISH: They shouldn't include it in the fare at all,  
12 no.

13  
14 MS CIFUENTES: Thank you very much.  
15

16 MR COX: Thank you so much. We'll now break for lunch and  
17 we'll resume at 2 o'clock with the Railway Technical  
18 Society of Australasia. Thank you.

19  
20 LUNCHEON ADJOURNMENT  
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1 UPON RESUMPTION:  
2

3 RAILWAY TECHNICAL SOCIETY OF AUSTRALASIA  
4

5 MR COX: Let's resume now with the afternoon session. The  
6 first presentation is to be made by the Railway Technical  
7 Society of Australasia and I invite you to come forward and  
8 to identify yourself.  
9

10 MR LAIRD: Thank you. My name is Dr Phillip Laird and I  
11 appear for the Railway Technical Society of Australasia.  
12 The submission before you has been endorsed by the National  
13 Council of the Society, which incidentally is a technical  
14 society of the Institution of Engineers. Our membership is  
15 over 800 and we hold each two years a conference on railway  
16 engineering which is attended by over 400 people.  
17

18 We note that Sydney is growing, now 4.2m people in the  
19 Sydney region including the Central Coast. When you  
20 include the Illawarra and the Hunter region, we are now at  
21 4.9m people, but the rail system is simply not growing fast  
22 enough to meet the population increase. By fast enough I  
23 mean capacity as well as the areas in which the system can  
24 reach with that appreciable population increase.  
25

26 As noted in the StateRail submission, it needs a large  
27 government subsidy in the form of CSOs and other payments  
28 to keep it going. Despite Sydney's CityRail putting on a  
29 "gold medal" performance during the Olympics almost three  
30 years ago - how time flies - and despite doing a good job  
31 most days of moving, for example, today it will bring in  
32 well over quarter of a million people, mostly into this  
33 part of Sydney, and take them home again safely tonight, it  
34 does have some shortcomings which our submission  
35 addresses.

36 A task force last year looked at ratings for  
37 Australia's urban rail systems and we felt on the basis of  
38 infrastructure, planning and provision that Sydney rated a  
39 C minus rating. This compares with D for Adelaide, which  
40 is a small system, not electrified, not growing, as against  
41 A minus for Perth, which is expanding and the capital funds  
42 are going in to ensure that the system can cater for future  
43 growth. If you look at Perth, as indeed in this brochure  
44 that I would like to table, this is only a week or two old,  
45 you will see that about ten years ago Perth had about 10m  
46 passengers a year. With modernisation and expansion it has  
47 now reached 31m. This is from a low base but it shows what

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1 can be done if governments are prepared to invest and  
2 upgrade rail systems. They are projecting by the year 2011  
3 after completion of the new line to the south-west at  
4 Mandurah it will be 61m passengers per year.

5  
6 Of course, it is well recognised by government and  
7 others that CityRail does need more funding. We need more  
8 rolling stock. I am from Wollongong and if I stand on the  
9 platform about 7 and what comes into view is not a six-car  
10 set but a four-car set you can almost hear the collective  
11 groans from the platform because you know it will not be a  
12 very comfortable journey and you will expect to see people  
13 sitting on the steps and standing.

14  
15 The second item in the submission, paragraph 2.2 in  
16 the main submission, looks at the major catch-up plus track  
17 extensions that can be considered in various reports,  
18 including Action for Transport 2010.

19  
20 I leave you with only one thought, how can we get the  
21 New South Wales Government official Action for Transport  
22 2010 statement that was issued almost five years ago - how  
23 can we get that back on track?

24  
25 Take, for example, Newcastle track upgrades. Between  
26 Hornsby and Warnervale it was supposed to be upgraded by  
27 the year 2007. We don't even have an environmental impact  
28 assessment, yet this is the track that links New South  
29 Wales to the large cities of Sydney and Newcastle. It is a  
30 19th century track. If rail can gain any comfort at all,  
31 it is from the fact that the road parallel to this track is  
32 for most of its length a four-lane highway and Friday  
33 afternoons it is like a giant parking lot, so there are two  
34 infrastructure issues that need addressing, linking  
35 Newcastle and north.

36  
37 With inner Sydney, freight trains need separation from  
38 CityRail's passenger trains. Official government reports  
39 have looked at that and it was highlighted in the  
40 Australian Rail Track Corporation's track audit and  
41 elsewhere that it has been rated as one of the worst  
42 infrastructure problems in Australia, getting freight  
43 trains in and out of Sydney without tripping up over  
44 passenger trains or vice versa.

45  
46 Item 2.4, the Menangle Bridge has been very much in  
47 the news. It is pertinent to remember that 23 years ago

1 the Department of Main Roads had been able to complete with  
2 Federal funding a road from Campbelltown to Mittagong.  
3 Here we are 23 years later and we still do not have an  
4 environmental impact statement or study done, we don't have  
5 the corridor protected for what should be a vital piece of  
6 infrastructure to improve the efficiency of freight train  
7 operations and also to give both CityRail and CountryLink  
8 passenger trains an easier path between Sydney and the  
9 Southern Tablelands.

10  
11 At 2.5, the short north line, I have already  
12 mentioned, it will be nothing short of a miracle if it  
13 could be done by 2010 at the present rate. It was supposed  
14 to be 2007, stage one.

15  
16 Item 2.6 in the main submission is interesting because  
17 here you have premier fares being charged, which is often  
18 of interest, yet here you have something that really needs  
19 to be made to work. One gets the impression with the  
20 Brisbane airport line which opened a bit after the Sydney  
21 one, it is struggling too, but they are trying to make it  
22 work, whereas here you have what might be described as the  
23 dead hand of receivers and managers, and we make some  
24 suggestions in the submission but you only need to go up to  
25 Brisbane, either by CountryLink or better still fly up, and  
26 you can compare at each end the two airport links.

27  
28 Where I come from in Wollongong, to get to the airport  
29 one would have thought that you would have taken a nice  
30 train up to Hurstville or Wollli Creek and changed, but, no,  
31 you are told to go into Central and then come back. Little  
32 wonder that the two companies that run airport connecting  
33 buses between Wollongong and Sydney airport find business  
34 booming! As one operator said to me, people will try it  
35 once on the train and never again.

36  
37 If you live on Queensland's Gold Coast, for \$25 you  
38 can have a limousine come to your door, take you to a train  
39 that leaves every half hour, and take you through Brisbane  
40 city onto the other side and get you to Brisbane airport.  
41 The level of service we have been offered here is perhaps  
42 five years behind Brisbane airport.

43  
44 How do we fix all this? The submission, after due  
45 consideration, is that you can't do it on the existing  
46 level of fares. You simply can't. It can't even cover its  
47 operating costs, let alone some infrastructure. So how do

1 you increase the fares without seeing loads and loads of  
2 people vote with their feet and start driving and adding  
3 congestion on the roads? The submission argues that really  
4 it has to be a holistic approach where one looks at road  
5 pricing as well and initiatives such as the State  
6 Government's increasing of the parking levy can only help.  
7

8 Number four, external costs, I put a question on  
9 notice: the submission of StateRail refers to a report, I  
10 would imagine it is in the pipeline, "Value of CityRail to  
11 the Community of New South Wales". We would love to see it  
12 as a technical society because we think that when all the  
13 costings are counted, an efficient rail system must win  
14 hands down over congestion on the roads.  
15

16 We introduce a new item, rail safety at cost. We are  
17 probably behind other States. If you look at CPIs, we  
18 don't have the evidence yet, despite a recent Bureau of  
19 Transport and Regional Economics report, the costs dealing  
20 with the costs of rail accidents, there is not sufficient  
21 data as yet, but given 12 rail accidents in New South Wales  
22 between August 1998 and August 2002 it is not a very good  
23 record and when you again look north to Queensland, if they  
24 can have automatic train control or automatic train  
25 protection systems that will not only stop a train at a red  
26 signal but also stop a train whose speed is exceeding that  
27 of a posted limit, going too fast around a curve, if they  
28 can afford it maybe we should be looking at it, at least in  
29 some applications, for example, sustained downhill grades.  
30 This is more not so much within Sydney but between Sydney  
31 and the outlying greater metropolitan areas.  
32

33 In conclusion, Sydney needs a new approach to  
34 transport. AusLink, the Federal Government's integrated  
35 transport plan, may help but it really needs in our  
36 submission a lot more vision and leadership from New South  
37 Wales authorities and we would dare to suggest some more  
38 stability at the top at the Chief Executive level, where  
39 you now get a prize if you survive more than 12 months.  
40 This vision in leadership extends to advanced planning with  
41 corridor protection and, as we speak, we note that we will  
42 have a Western Sydney orbital by 2007. It is helped along  
43 with over \$300m of Federal funds, it will be a tollway, but  
44 when will we ever see a Western Sydney orbital railway  
45 line, which is surely necessary to take us through this  
46 century? Thank you.  
47

1 MR COX: Thank you very much. I wonder if I can draw you  
2 out a bit on your approach to fares and your suggestion  
3 that fares need to increase. You have raised many issues  
4 in your submission but this is the one of perhaps greatest  
5 interest to this inquiry, so I would be grateful for any  
6 further clarification you are able to give.  
7

8 MR LAIRD: In our submission we say there may be some  
9 scope to move with fares, for example, inside Campbelltown.  
10 If you are given a choice of lots of trains, some faster  
11 than others, surely that is worth something to you as a  
12 passenger, and some of this value should be able to be  
13 captured by the train operator. However, if you are living  
14 at Richmond, a similar distance away, without nearly the  
15 choice of trains or the frequency, there is not that scope.  
16

17 Secondly, we suggest we are now at a stage we need  
18 more than CPI to try and get some scope for this long  
19 overdue catch-up and Ron Christie's \$20 billion over a  
20 decade. We were given advice in New York city that it was  
21 \$5.5 US billion - sorry, a similar amount over a five-year  
22 period, as opposed to Ron Christie's suggestion of \$20  
23 billion. More than CPI. As a member of APT and in its own  
24 right I support very much the approach taken by APT this  
25 morning, that for example the pensioner concessions, \$20,  
26 the only time it has been up in the last 15 years was with  
27 the GST. It has to be the travel bargain of the universe.  
28

29 There is a need for integrated ticketing, something  
30 that Melbourne has had for years, with other modes; make it  
31 more attractive, user friendly, but don't sell it too cheap  
32 is what we are saying.  
33

34 We are also cognisant that even if you doubled the  
35 CityRail fares you would still need a joint CSO and if you  
36 were to double them within a year, you would throw heaps of  
37 people off them, so it has to be with road pricing and we  
38 are very much attracted to the London situation where on  
39 the 17th of February this year they brought in congestion  
40 pricing at 5 pounds to cross the city boundary and it is  
41 working. Not only is it reducing road congestion, it is  
42 also generating funds for public transport and the flip  
43 side is in the three-month report which was recently made  
44 available public transport usage has gone up and road  
45 congestion has gone down. What we are asking is, please  
46 could IPART one day look at road pricing as well as fares?  
47

1 MR COX: I don't know whether you were here when Vince  
2 Graham presented the CityRail presentation but he produced  
3 figures that show that the level of cost recovery has  
4 fallen quite substantially in recent years. Suppose we  
5 don't put fares up or don't put them up by very much and  
6 the level of cost recovery continues to fall. What are  
7 your views of the likely consequences for CityRail in that  
8 scenario?  
9

10 MR LAIRD: Not good at all because I think on two  
11 approaches, one, low fares are no substitute for a good  
12 service. At the end of the day, not everyone but I think  
13 most people are looking for improved service. That is what  
14 determines how most people will choose, "shall I catch a  
15 train or shall I drive in" - level of service.  
16

17 Secondly, I think when it becomes underpriced it in  
18 time becomes undervalued. We should try to avoid the  
19 situation that the Warren Centre described so well, we have  
20 to avoid seeing public transport being regarded as welfare  
21 on wheels. It has to reach a lot more of the population  
22 than it is at the moment.  
23

24 The other point I make is that in the last decade it  
25 seems that road vehicle kilometres in Sydney have gone up  
26 roughly 25 to 30 per cent. I don't think rail has gone up  
27 anywhere near as much as that. Maybe across Australia at  
28 20 per cent. If you extrapolate this out another ten  
29 years, what will we have are trains that no one wants to  
30 ride on and roads that are totally congested. New York  
31 City had to face the very same problem. It had a run-down  
32 system that was covered with graffiti and through a  
33 succession of political leaders who showed leadership, they  
34 said, "we will make this system work" and they were able to  
35 turn it around within a decade. I am not saying we have  
36 got as bad as New York was 20 years ago but what I am  
37 saying if we continue our present trends for another  
38 decade, this is where we are heading.  
39

40 MS CIFUENTES: The prospect of \$20 billion over a decade  
41 plus whatever funding the Government puts in already just  
42 for operating expenses is quite frightening. Do you have a  
43 view on what the contribution from fares to that capital  
44 expenditure program should be?  
45

46 MR LAIRD: I would not like to put a percentage figure on  
47 it. I would suggest that it is too low at the moment.

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1 What we are seeing is the capital works budget being  
2 squeezed year in and year out across the system as a whole  
3 and I don't think we are keeping up with CPI with the  
4 fares, so you see more and more squeeze on the capital  
5 works budget to the point where it hurts. The ability to  
6 plan for the future is just so compromised. Let me give  
7 you an example. When Menangle Bridge was declared unfit  
8 for use on or about 27 March, many people were surprised.  
9 They felt that the one at Wagga Wagga would have been, you  
10 know, from the other side of the world, you would have  
11 thought, "major New South Wales bridge beginning with M  
12 gone, it must have been the Murrumbidgee bridge at Wagga, a  
13 1880 steel structure".  
14

15 One would have thought by now Rail Infrastructure  
16 Corporation, despite the uncertainty of whether this track  
17 will be handed over into governmental agreement to the  
18 Australian Rail Track Corporation, that they would have had  
19 a design for the new bridge. But for cost cutting or  
20 whatever, the intention is to go out and get a design and  
21 build contract which only means it will take longer to  
22 build. Take, for example, the Action For Transport 2010,  
23 the failure to be able to deliver that commitment which was  
24 judged was needed in the 1990s for including the separation  
25 of freight and passenger trains between Hornsby and  
26 Warnervale plus some track straightening and upgrading.  
27 Not delivered. Where I live by 2010 is there any chance we  
28 will have a new Waterfall through route that was raised in  
29 the 1990 report? This is the problem, that the capital  
30 funding gets squeezed and the operating subsidies keep on  
31 blowing out and blowing out and I suggest eventually they  
32 become unsustainable.  
33

34 Other things have to go up as well. Petrol goes up,  
35 we wear it; interest rates in the past have gone up, we  
36 wear them; property prices go up, people still buy;  
37 transport, why should it be subsidised by Australian rail?  
38

39 MS CIFUENTES: A lot of the issues you raise I think are  
40 very, very interesting but unfortunately are outside this  
41 particular review and probably more appropriate to the  
42 review that Dr Parry is conducting. I think those issues,  
43 to what extent should public transport be subsidised, how  
44 you fund major capital works programs, would be of  
45 particular interest to that review.  
46

47 MR COX: Thank you very much for your submission.

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1 BLUE MOUNTAINS COMMUTER ASSOCIATION

2

3 MR COX: The next presentation is from the Blue Mountains  
4 Commuter Association, so I invite you to come forward and  
5 introduce yourself.

6

7 MR TREVASKIS: Thank you, Mr Chairman. I'm  
8 Paul Trevaskis. I'm secretary of the Blue Mountains  
9 Commuter Association.

10

11 In the last three months we have had a couple of  
12 normal meetings and we've also had a number of think-tank  
13 meetings because of the issues that Mr Costa has put in  
14 front of us. The members agreed that, yes, we'll agree to  
15 a CPI increase, but they consider - and this is in our  
16 submission - that at the moment it would not be, let's say,  
17 accepted by the community to have any more increases in  
18 fares above the CPI at this juncture, especially when there  
19 are a number of issues with our timetable which still have  
20 to be addressed, and there are others. So what we decided  
21 to do, the executive, is to look at other ways of trying to  
22 improve the economic stability of State Rail.

23

24 What is a bit disconcerting is when we looked at the  
25 report - and I don't wish to speak to the report in full -  
26 we felt cost savings such as the transit officers, on which  
27 we received information, and perhaps CityRail reps might be  
28 able to confirm this, at one particular station where they  
29 were selling 50 tickets they're now selling 350. So in our  
30 submission we stated that it was a positive that they  
31 employed the transit officers to increase the farebox, and  
32 even this morning it's \$15m they've lost. Well, in the  
33 last five years, or three years, the amount of money that  
34 has been lost in the outer areas is quite substantial.  
35 I know we're not supposed to talk about concessions, but  
36 the association is in agreement that the concession fare  
37 should go up, but that includes a proportion of that to go  
38 to the private bus system, which we'll address in other  
39 reviews.

40

41 After listening for a number of days at the Waterfall  
42 inquiry, I got the impression that there's room for  
43 engineering excellence, the amount of money that's spent in  
44 the upgrading. It's not only from the point of view of  
45 lost patronage through the upgrading programs on the  
46 continuous weekends; it's noticeable on weekends, where  
47 they are not fully providing the service, and if you

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1 compare the numbers on the coaches it's another story.

2 We know that from July onwards there will be an improvement  
3 in the way they restructure or upgrade the system but I  
4 think, looking at that, we should get it right the first  
5 time.

6

7 Once again, with regard to the Waterfall inquiry,  
8 there doesn't seem to be a system within that area of  
9 quality control, quality auditing, et cetera. I don't want  
10 to get too personal, but I've worked in Telecom. We used  
11 to deliver material under an inspection system. It worked  
12 the first time and, if it didn't, I'd get a phone call and  
13 I'd be in real strife.

14

15 I believe they should be looking at a better way of  
16 introducing new rolling stock, not like we had with the  
17 Tangara and certainly not with the Millennium. We cannot  
18 afford to have new product which is not fully prototype  
19 tested, so that when it is delivering, CityRail doesn't  
20 have to draw it off the system. This is a bad image for  
21 CityRail - "Oh, we've got a new train, but we have to take  
22 it off because it's breaking down." Some of the issues  
23 there, I begin to wonder about the technical expertise,  
24 because if it's interrupting the electrical system, there's  
25 something wrong with the radio frequency and I begin to  
26 wonder.

27

28 I don't want to get into that too much because the  
29 members did look at ways and means of increasing the  
30 farebox without increasing the fare, the marketing system.  
31 We're getting told it's on the web. Not a lot of people  
32 use the web, or they can't afford the web because you have  
33 to have a computer and all the ancillary products that  
34 balance that, and you've got to pay. Actually what we're  
35 feeling is State Rail is saying, "We'll give you the  
36 information, but you pay for it by having your own web  
37 site." I have one because it is helpful for all the  
38 members, but we feel that marketing in the local papers  
39 would be a help.

40

41 The overlay of all this, it's put IPART I believe in  
42 an awkward position. Each year we come along faithfully  
43 and listen to everybody and we only had IPART to think  
44 about, but last night I went through and at the moment  
45 there's an inquiry from Mr Tom Parry, Mr Barry Unsworth,  
46 lease of track, the Waterfall inquiry, the Millennium  
47 train, the Menangle Bridge inquiry, integrated ticketing,

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1 transit police, which we agreed, but that still has a few  
2 tweaks there, reorganisation of State Rail and rec.  
3 Hopefully out of that we should get a quality management  
4 system, reorganisation of the transport in New South Wales  
5 and the problem there with planning, going to New South  
6 Wales planning, the rail regulator. Then we have the  
7 customer charter and we haven't got around to looking at  
8 the budget papers and the Auditors-General report. So the  
9 secretary thinks, "Bloody hell, how am I going to get" --

10  
11 MR COX: It's a full-time job.

12  
13 MR TREVASKIS: Then of course you have the competition of  
14 roads, and we know about congestion. The information  
15 received about the congestion issue in London, they've  
16 improved their patronage onto the transport system by about  
17 30 per cent. So I think there are lessons to be learned  
18 there.

19  
20 Overall I think I'll leave it that our proposal is  
21 about trying to get extra money for State Rail within the  
22 system itself, but we'll certainly be going to the other  
23 inquiries in support of public transport. That's why we're  
24 here. I don't think I need to say any more at the moment.

25  
26 MR COX: Okay. Thank you very much. I was interested in  
27 your submission that you devoted some considerable time to  
28 issues of passenger information. There's great interest in  
29 the presentation by one of your members on what happens  
30 when there's travel at the weekend. I was impressed indeed  
31 by his detailed understanding of the rail system. I don't  
32 know whether you were here earlier today when Vince  
Graham

33 talked about those sorts of issues. Do you feel that what  
34 he was proposing meets your requirements? If not, what  
35 more might be considered by CityRail?

36  
37 MR TREVASKIS: I think our vice-president put that  
38 together. He's using the system every weekend. What I  
39 think would be best in that case is to talk to CityRail  
40 about that paper to improve the information.

41  
42 Our major concern which has happened on the mountains  
43 is publishing in the local Blue Mountains Gazette because  
44 people aren't ringing 131500 or they're not getting it off  
45 the web. I use the CityRail web site and they keep  
46 changing things. I don't know. Every department keeps  
47 changing the format and you get lost and it all falls

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1 apart. We feel there should be more local content.

2  
3 You capture those that are using the system every day.  
4 They have notices on the station, et cetera. But you have  
5 the part-time people that make it in the Glenbrook car  
6 park, commuter car park. Sometimes it's full to the brim,  
7 other days it isn't. We have a casual, permanent part  
8 time; it's fluid.

9  
10 I noticed quite significantly when you do use the  
11 system on the weekend the number of people that get on the  
12 train, they stop at Parramatta, Blacktown, Penrith, "Oh,  
13 this is a nice train", and they're getting on the  
14 Intercity, which is 20 years old. It will be interesting  
15 what they comment on the Millennium. It's targeting these  
16 other people that usually are casual. If you can get them  
17 on the weekend, there's a better chance you can get them  
18 through the week too. So that's one of them.  
19 Unfortunately, where we used to have a local radio station,  
20 2KA, that's gone. You don't get that capture anymore.

21  
22 MR COX: Thank you very much. I think we understand the  
23 submission.

24  
25 MR TREVASKIS: Thank you very much.

26  
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1  
2 STATE TRANSIT AUTHORITY  
3  
4  
5 MR COX: The next item is the State Transit Authority to  
6 respond. I wonder if you're in a position to do that.  
7  
8 MR DUNN: My name is Paul Dunn, General Manager Finance  
9 and Business Services, and with me is Paul Schuman, our  
10 financial planning manager. Apologies for Mr Stott, who is  
11 otherwise engaged in a meeting. The issues for the STA to  
12 respond to are essentially from the APT presentation, and  
13 we'll deal with them in sequence. You might explain what  
14 the particular issue is, Paul, before we can respond to it.  
15 It's off-peak fares?  
16  
17 MR SCHUMAN: Allan, you mentioned the availability of 246  
18 travel tickets. I think John mentioned this morning where  
19 we have the blue TravelTen costing \$11.30, that's sort of  
20 less than a packet of cigarettes today, and we'd be looking  
21 towards integrated ticketing being the next big leap  
22 forward in ticketing and in fare structure.  
23  
24 MR DUNN: I might add there that we took a conscious  
25 decision some several years ago now to put on hold any  
26 further product development because then the integrated  
27 ticketing project was imminent. Now, that has suffered  
28 some delay through legal cases, and so on, so I guess that  
29 opportunity has been lost. But the smartcard will in fact  
30 provide that sort of flexibility that I think they're  
31 seeking with discounted infrequent travel and return  
32 travel.  
33  
34 MR SCHUMAN: The STA off-peak fares that you mentioned,  
35 Allan, the possibility of them, firstly, concessionary  
36 holders can travel any time on the system. There's no  
37 restriction to when they can travel at the moment. So PET  
38 or any concessionary holder can travel on the system at any  
39 time of the day or night. We believe the discounts that  
40 you mentioned for travel pass at roughly 37 to 46 per cent  
41 discount, they're too high at the moment, so we'll be  
42 attempting to bring those down. So we're saying off-peak  
43 fares, but the current level of discount is quite  
44 substantial. People can avail themselves of those tickets.  
45  
46 Now, you mentioned the possibility of a penalty for  
47 cash fares, and we looked at the \$5m 3 per cent increase,

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1 one per cent being 1.68 million for a one per cent increase  
2 in fares. Your suggestion was increase the cash fare as a  
3 penalty that would increase it by, say, 30 cents per trip  
4 and that would be an increase of, say, 10 to 15 per cent,  
5 say one to two sections or three to five sections, say  
6 10 to 15 per cent. That I think is probably outside what  
7 we're looking at as far as this particular fare increase is  
8 concerned.  
9  
10 MR DUNN: If I could add there, we support the objective  
11 of that; that is, to get transactions off the bus, improve  
12 times and security, and so on. That should be accommodated  
13 with the smartcard system, where most travellers would have  
14 the smartcard in their wallet or in their handbag.  
15  
16 MR MILES: Why would they have a smartcard and the  
17 TravelTen when they haven't got an 11.30 TravelTen now?  
18  
19 MR DUNN: The money that they can afford to put on a  
20 smartcard is a matter for the individual. What we're  
21 suggesting is that if someone goes to the trouble of having  
22 a smartcard in their wallet, they should be able to access  
23 the most cost effective fare or ticket for the particular  
24 journey that they want to take. It's not an issue of the  
25 amount of the money of the card.  
26  
27 MR MILES: I don't agree with that.  
28  
29 MR SCHUMAN: The level of discount that people will  
30 purchase with their smartcard concerning whether they  
31 purchase a \$20, a \$50 or \$100 smartcard ticket, that's to  
32 be decided, but there will be discounts.  
33  
34 You're against the increase in travel pass fares. We  
35 mentioned the discount being currently of the order of 37  
36 to 46 per cent --  
37  
38 MR MILES: On your calculations.  
39  
40 MR SCHUMAN: On our calculations, yes. So we believe  
41 that, again, that needs to be looked at in terms of the  
42 migration to integrated ticketing.  
43  
44 Now, you mentioned the trial of a non-cash bus. The  
45 problem with that is, I suppose, introducing that concept  
46 uniformly across the network. If it were introduced on  
47 just one route and not on other routes, it may not get

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1 general acceptance or it may sort of fail because of that.  
2  
3 MR MILES: Or it might succeed significantly.  
4  
5 MR SCHUMAN: We couldn't introduce it across the network.  
6  
7 MR MILES: No, I understand that.  
8  
9 MR DUNN: An issue was raised about the availability of  
10 the bus tripper product. Correct, that is not sold on bus.  
11 There is a restriction on the capacity of the ticketing  
12 machines, and that certainly couldn't have been  
13 accommodated. Also, we have a network of some 400, 500  
14 ages who sell pre-sold tickets, prepurchased tickets.  
15 That's really a matter for the agent to carry the stock,  
16 because obviously they have to pay for it prior to it being  
17 sold to a passenger. Quite clearly, the demand for it is  
18 such that the agents aren't prepared to stock it. So the  
19 availability is very restricted amongst our agency network.  
20  
21 MR MILES: Am I allowed to interrupt?  
22  
23 MR COX: Perhaps you might let him finish and we'll give  
24 you a chance to add further questions at the end.  
25  
26 MR SCHUMAN: On the pensioner ticket mentioned in your  
27 slide presentation, as you know, the pensioner excursion  
28 ticket's encoded on the day, for the day only. It is also  
29 sold at CityRail railway stations --  
30  
31 MR MILES: I'll withdraw that.  
32  
33 MR SCHUMAN: Okay.  
34  
35 MR DUNN: The rest are just observations we made.  
36  
37 MR SCHUMAN: I think there was one more point, the  
38 3 per cent or 5 per cent. We believe that, as you pointed  
39 out, Mr Chairman, more than 3 per cent is required to cover  
40 the costs, your costs, and replace assets, and a fare  
41 increase in the range 3 to 5 per cent is what State Rail  
42 indicated it would support.  
43  
44 MR MILES: Thank you for that. I don't accept or agree  
45 with it, but anyway.  
46  
47 MR COX: Do you want to make further comments?

1  
2 MR MILES: No.  
3  
4 MR COX: Thank you very much. We might now ask State Rail  
5 to respond to issues raised.  
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1 CITYRAIL

2  
3 MR COX: When you're ready, Vince.

4  
5 MR DAY: Graham Edward hasn't been here for the whole  
6 session, so we thought it would be better if I went through  
7 some of the general issues.

8  
9 I will start off by saying it was worthwhile to listen  
10 to the full inputs we've had today. We appreciate that.  
11 As Allan Miles, from Action for Transport, said, his main  
12 comments were about the bus industry. He did of course  
13 raise the comment that this year's submissions were very  
14 general. We would point out there, as Vince Graham said,  
15 that because the Parry inquiry is going ahead at this  
16 stage, we feel it's more appropriate to limit all our  
17 discussions until that's completed.

18  
19 Kevin Parish from the Commuter Council commented at  
20 length on some issues. In particular, he raised the issue  
21 of the need for a long-term fare policy, which I believe is  
22 a worthwhile initiative to consider. Kevin's key comment  
23 was that volatility in fares can be very difficult for  
24 people who pay a large amount of their salaries in commuter  
25 tickets. This certainly points towards a direction of a  
26 sustained fares policy, which, of course, is also valued to  
27 capital planning generally.

28  
29 Kevin also raised the issue of a low fares policy, the  
30 implication being that the additional funding would be met  
31 by the taxpayer generally. I believe the issue we face  
32 there - it's been discussed, of course, many times at IPART  
33 hearings - is the government has a fairly extensive safety  
34 net for low-income people. The issue we find is that a  
35 large number of commuters, certainly on the rail system,  
36 are relatively well paid. An issue then becomes one of  
37 whether those people should have heavy cross-subsidies from  
38 general taxpayers. I think that issue requires more  
39 consideration.

40  
41 I turn to this afternoon's session. Philip Laird,  
42 from the Railway Technical Society, raised very much the  
43 issue of how we inquire, in terms of discussing focus on  
44 how much funding one might need and how it can be  
obtained.

45 I think he demonstrated very much the issue that we  
46 ourselves sought to indicate, which is the funding  
47 requirements for both sustaining the railway and coping.

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1 This was the thrust of that submission. The issue of  
2 course is to what extent that can be funded from the  
3 various sources, including the farebox.

4  
5 He I think also raised the issue of action for  
6 transport and the fact there were a lot of significant  
7 investments discussed at that time. Basically that is also  
8 a subset of, I think, the Parry inquiry issue. To the  
9 extent there are substantial funding requirements, the  
10 sources of those funds and how to balance the competing  
11 requirements needs consideration.

12  
13 I should point out that the new Department Of  
14 Infrastructure Planning and Natural Resources would in part  
15 try to reconcile some of those issues raised. At the same  
16 time, I think it's worth noting that State Rail itself has  
17 made substantial financial commitments, many of which are  
18 covered in Action for Transport in the last few years, in  
19 terms of both buying additional rolling stock to meet  
20 growth and providing some of the additional trackwork  
21 required to own those trains. In part of the service  
22 improvements we were referring to we're saying we are  
23 seeking to lift the level of service at the present time.

24  
25 There was also the issue of safety and speed controls  
26 raised, but, in essence, that's a matter that's under  
27 inquiry at Waterfall at present. I think it's  
28 inappropriate to comment on those issues more at this  
29 stage.

30  
31 The last speaker was from the Blue Mountains Commuter  
32 Association. He noted in particular the issue of frequent  
33 possessions on the network and the detrimental effect on  
34 patronage. It was pointed out that a new possession regime  
35 which basically creates systematic possessions on  
36 essentially a 12-, 13-week cycle is being introduced from  
37 1 July, and I think it will assist in providing stability  
38 in terms of customer behaviour and reducing to some extent  
39 the amount of possession.

40  
41 The final issue Paul made was that there are a very  
42 large number of inquiries on at the present time, and I  
43 certainly understand that. I would stress this is part of  
44 the government's overall commitment, as you're aware, to  
45 look at all aspects of the rail industry. We're seeing  
46 that in terms of the various inquiries put forward. I  
47 hope, in general terms, that covers the main issues raised.

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1  
2 MR COX: Thank you very much for that. I think that  
3 probably does cover the issues raised. At this stage it's  
4 now up to me to close our hearing for today. I thank  
5 everyone who came and made a constructive contribution. I  
6 think it has quite substantially helped Cristina's and my  
7 thinking as to how we move forward from here. I'm grateful  
8 for that.

9  
10 We are required to make decisions for fares to come  
11 into effect on 1 September. I imagine the authorities  
12 would like some knowledge in advance of that, so I guess  
13 we're looking at trying to bring down the report by the  
14 middle of August. Once again, thank you very much for your  
15 attendance and constructive participation.

16 AT 2.56PM THE HEARING ADJOURNED ACCORDINGLY

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