



Premier of New South Wales
Australia



Dr Michael Keating AC
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
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18 FEB 2008

Dear Dr Keating

I am writing in relation to the Independent Pricing and Regulatory Tribunal's ('the Tribunal's') Review of the CityRail regulatory framework.

As you are aware, on 11 July 2007 the Acting Premier issued to the Tribunal a reference under Section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992* ('the Act') to recommend a regulatory framework that will provide CityRail with the incentives to provide efficient passenger rail services.

At the Government's request, RailCorp has recently commenced a CityRail Customer Service Improvement Program designed to produce long-term improvements across the rail system and change processes and practices to ensure a better experience for CityRail users. The Tribunal will need to consider the impact of the Program on CityRail services as part of its present Review, and I believe an extension of the reporting deadlines is necessary to provide the Tribunal with sufficient time to undertake these deliberations. In this context, I am advised that the Government's submission to the Review, incorporating advice on the early results of the Program, will be forthcoming no later than 9 May 2008.

For this reason, I hereby amend the reference in accordance with Section 12A of the Act to require the draft report to be publicly released by 12 September 2008, and the final report by 12 December 2008. The amended reference is enclosed.

If your officers wish to discuss these matters, they should contact Mr Paul Elton, Policy Manager, Natural Resources and Economic Development Branch, Department of Premier and Cabinet on (02) 9228 5493.

Yours sincerely

Morris Iemma MP
Premier

TERMS OF REFERENCE

Review of the CityRail regulatory framework

I, Morris Iemma, Premier of New South Wales, under Section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992* ('the Act'), refer to the Independent Pricing and Regulatory Tribunal (Tribunal) for investigation and report the following matter:

The Tribunal is to recommend a regulatory framework which will provide CityRail with the incentives to provide efficient passenger rail services.

In conducting this review, the Tribunal is to consider the matters listed under Section 15 of the Act, in particular the need for greater efficiency and reliability in the supply of services so as to reduce costs and improve quality, safety and reliability for the benefit of consumers and taxpayers.

Other issues the Tribunal is to consider in undertaking this review are:

1. the appropriate regulatory period for the Tribunal's fare decisions;
2. the efficient costs of providing CityRail's services and the scope for greater efficiency in the supply of these services;
3. NSW Government policy on passenger rail services and public transport, including the future investment in CityRail set out in the *Urban Transport Statement*, and the *State Plan*;
4. an appropriate range for the allocation of costs between government and users, taking into consideration the positive environmental, economic and social benefits for the community generated by CityRail's services;
5. how service standards can be incorporated into the regulatory approach;
6. appropriate fares for CityRail which take into account the cost of providing CityRail's services, the capacity of users to pay and current and future government policy on public transport fares; and
7. if necessary, transitional arrangements from the current form of regulation to the new regulatory approach.

A draft report is to be publicly released by 12 September 2008, with a final report due by 12 December 2008.

The Tribunal has indicated that it intends to conduct this review in conjunction with the 2008 determination of fares for CityRail services, conducted in accordance with the Tribunal's standing reference under Section 11 of the Act. This reference under Section 12A of the Act is in addition to, and does not replace, the Tribunal's standing reference under Section 11 of the Act.