

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

Dear Sir/Madam,

**Re: Review of Cityrail fares, 2009-2012, Submission**

I write in reference to the draft report *Review of Cityrail fares, 2009-2012*. The opportunity to comment on this draft report is welcomed. In reference to the report, I have concerns with:

- a) The methodology used to calculate the value of the external benefits of Cityrail.
- b) As a result of point b, IPART's estimate of the value of the external benefits of Cityrail.
- c) Proposed amendments to the fare structure for Cityrail

I also have concerns with the role played by IPART in regulating and publishing reports on rail fares. In line with the recent announcement of the government to abolish Railcorp and return the administration of the railways to the direct authority of the Minister for Transport, in my view, the same decision should be taken with regard to the current role of IPART in relation to fares.

Reports such as *Review of Cityrail fares, 2009-2012* should be prepared by the Ministry of Transport, as the Minister is directly accountable to the people of NSW through parliament. IPART is not directly accountable to the people of NSW, despite amendments to Cityrail fares having a considerable impact on the people of NSW.

**The external benefits of Cityrail**

In my view, the IPART report significantly undervalues the external benefits of Cityrail. Chapter.11 of the report discusses IPART's view on the external benefits of Cityrail. IPART considers the value of the external benefits of Cityrail in the 2008/2009 financial year to be \$1.8 billion. In my opinion this is a gross underestimate.

In my opinion, the following issues have not been considered adequately by IPART:

- If the Cityrail network did not exist, how many additional lanes of roads and motorways would need to be constructed in Sydney, particularly to and from the CBD? What would be the cost of constructing these roads and motorways?
- What would be the cost of acquiring land or tunneling to construct these roads and motorways, given that road lanes have much lower patronage capacity than suburban rail lines?
- What would be the ongoing cost to the government of maintaining these roads?
- What would be the cost to government of upgrading existing roads to cater for increases in traffic eg. installing traffic lights, roundabouts, providing grade separation at congested intersections?
- Given that fewer cars would be on the road, presumably, more car accidents would exist. What is the total cost to the NSW health system of a car accident in which one or more persons becomes severely incapacitated or severely injured? To what extent would long term health care

- costs blow out if a significant increase in car accidents occurred?
- To what extent would costs for the NSW health system increase if respiratory infections were to increase as a result of significantly more cars using the roads with more pollution?
- To what extent would property values fall around train stations if the Cityrail network did not exist and noise and pollution from greater road traffic existed? What impact would this fall in property values have on government taxation revenues (both state and local)?
- To what extent would persons who are not able to drive or have access to a car be able to seek employment in a city without a rail system? What impact would an associated rise in unemployment have on the NSW economy and government revenue and expenditure?
- What would be the cost to the government of constructing thousands of car parking spaces in government buildings to serve workers who previously caught the train to work?

### **Proposed amendments to the fare structure of Cityrail**

IPART proposes to increase fares by a proportionally greater amount for longer distance trips than shorter distance trips. I do not support these proposed amendments in relation to the metropolitan network bounded by Waterfall, Macarthur, Emu Plains, Richmond and Berowra, issues concerning longer distance trips from locations such as the Blue Mountains, Central Coast and Illawarra are more complex and I do not have any comments in relation to these increases. In my opinion, the following issues have not been adequately considered by IPART:

- Given that poorer people tend to live in outer suburbs of Sydney and richer people in inner suburbs, to what extent would the proposed fare changes increase inequality?
- If train services to outer suburbs did not exist, to what extent would costs increase for inner suburbs services? For example, a large stabling yard exists at Campbelltown which would have been acquired when land was cheap, if this facility did not exist, what would be the cost of purchasing more expensive land in the inner city to construct rail stabling yards?
- To what extent do inner suburbs benefit from outer suburbs services that pass through inner suburbs?
- If the costs of providing train services to outer suburbs are greater, to what extent does this also imply that alternatives to rail services are also greater? If the rail system to outer suburbs did not exist, greater distances of roads and motorways to these suburbs would presumably need to be provided, with all of the associated costs discussed above.
- IPART forecasts for future patronage growth are particularly low given the considerable growth that has occurred in recent years. To what extent has the provision of a greater percentage of air conditioned rolling stock from 2010 been considered in patronage forecasts? Will improved passenger comfort from more air conditioned rolling stock boost patronage growth?

### **Conclusion**

In my view, the IPART report significantly underestimates the overall external benefits of Cityrail. Because of this, the entire basis and justification for fare increases and amendments to the Cityrail structure is flawed. It is requested that IPART respond to the issues raised in this submission in its final report, in particular, further detail and justification is needed for IPART's estimate of the total external benefits of Cityrail during the 2008/2009 financial year being \$1.8 billion.

Proposed amendments to the fee structure will have an adverse impact on commuters from outer suburbs with lower average incomes including Campbelltown, Liverpool, Blacktown and Penrith. As a result, proposals for proportionally greater increases in fares from these suburbs should be abandoned.

Regards

David Carey