

Submission to the New South Wales Independent Pricing and Regulatory Tribunal

Review of CityRail fares, 2009-2012

1. Introduction

This submission will draw on research conducted at the University of Wollongong. However, it does not necessarily reflect the views of the University. The submission draws on submissions made in August 2008 to IPART in response to its two reports on CityRail's Revenue requirements and CityRail fares along with IPART reports on rail fares in 2007 and earlier years.

Many issues are raised in the October 2008 IPART report on fares for which comment is invited. However, many relevant issues are not raised, or only given a fleeting mention. A significant issue facing RailCorp is the effect that rising petrol prices is having on the demand for train services. Petrol prices do get a mention in the report, with a graph on page 140 showing a petrol price index out to 2007-08, plus CPI and a rail fare index.

Related to the issue of increasing petrol prices is the distinct possibility that they will continue to trend upwards, and even more demand will be placed on existing CityRail services along with demands for new services. In turn, this will lead to demands for more capital funding. The issue of potential strong further growth in the near future for urban rail passenger services in the Sydney Greater Metropolitan Region needs more attention.

No less than the Prime Minister, the Hon Kevin Rudd MP in his World Environment Day speech of 5 June 2008 observed that *"More and more people are chasing less and less oil."* It appears that the issue that 'peak oil' will have to be eventually addressed by NSW Government and also IPART.

Compare the NSW Government approach with the approach adopted by the then Western Australian Minister for Planning and Infrastructure, the Hon. Allanah MacTiernan MLA, in addressing the AusRail conference held in late 2005 at Sydney:

"The big picture plan is designed to future-proof Perth delivering a sustainable and exciting city for the 21st Century. We need to build resilience into our city if we are to manage growth and deal with the global challenges of climate change and oil depletion.... While buses will always be an important part of our public transport system, the evidence is that rail services have the greatest ability to attract commuters who have a choice. If we are to get people out of their cars and onto public transport, rail is a much better bet."

Perth's big picture plan is worth consideration by the New South Wales government in general and IPART in particular. It is noted that the current IPART report cites Melbourne and Brisbane; however, it does not cite Perth (or Adelaide); also, this report does address greenhouse gas emissions in the context of external costs etc.

Perth is now noticeable for two major and recent rail advances, the introduction of integrated ticketing by Transperth (the WA Public Transport Authority) using a

SMARTRider card and the commissioning of the new Perth-Mandurah railway with high levels of service.

Integrated ticketing gets some discussion in the current report, yet, it remains an elusive goal for Sydney users of rail and other public transport (with the exception of Seniors Card holders and some other ticket holders who already have such integrated ticketing). The reality is that in the absence of a radical overhaul of government priorities, most Sydney people are unlikely to see integrated ticketing before 2012.

Despite the idea of a metro for Sydney being widely promoted by the NSW Government during 2008, it does not seem to rate a mention in the current report. This is opposed to **Metro Light Rail Service** noted as the privately operated light rail service that extends from CityRail's Central Station to the Metro Light Rail station at Lilyfield.

2. Response to current IPART proposals to increase fares

The previous support extended by this writer in submissions to IPART in 2007, and in previous years, to raising CityRail fares was effectively subject to two qualifications:

That the additional revenue should be applied to improving the services (and this to include system upgrades and extensions), AND,

Given current deficiencies on South Coast and Southern Highlands trains (and bus) services, fares on these lines should NOT be increased until these deficiencies have been addressed.

The recently released IPART report on CityRail fares proposes increases above CPI, and, supports service cutbacks in the form of removing guards and removing some station attendants.

Despite low cost recovery from fares, it is submitted that in the absence of due attention to the need to improve CityRail services in general, and the South Coast and Southern Highlands in particular, the proposed increase in fares above CPI is not justified.

The proposed flagfall fare component of \$2.50 is also considered excessive. In addition, the proposal (repeated from earlier reports) for rail passengers to fund 30 per cent of the cost of capital upgrades is considered unjustified at this stage. However, if road users on all roads (and not just existing tollroads) were faced with paying for the cost of upgrades, then some contribution to rail capital upgrades would be warranted.

A Hornsby – Warnervale upgrade was proposed in 1988 under Action for Transport 2010 to be completed by 2007, and is now long overdue. Instead, the freeway near Berowra is being upgraded from four to six lanes. There is no suggestion (at least to date) that road users who benefit from this road upgrade will be paying for it (although this would have been the case up to 1988 when this road was subject to a toll).

3. Other comment - general

It is appreciated that current fare recovery from Rail Corp is too low and Sydney's rail system needs more investment. However, the idea of increasing fares and effectively cutting back some service levels is not supported. A much more holistic approach is needed to RailCorp and its fares than has been provided by IPART in its October 2008 report. Wider considerations formed part of a submission made in August 2008 to IPART by this writer, that called for more attention to road pricing, improved levels of rail service, and more investment in the rail system (the Action for Transport 2010 programme and the Christie Report).

Reference is now made to some presentations to the Future City Transport Summit (FCT Summit) on 29 th October 2008 held in Sydney following the presentation of Mr James Cox, CEO of IPART.

One presentation of particular note was that of Mr Michael Sommerville-Brown of the WA Public Transport Authority who outlined the introduction of Perth's Smart Card. Starting with a Zone system of charges, and a growing rail network, detailed research lead to refinement of the concept. Comment was sought on draft tender documents before revision and going out to tender. From Procurement, then followed detailed Design, Delivery and staged Rollout. The then Minister for Planning and Infrastructure, the Hon Alannah MacTiernan MP officially launched the start of the system in October 2005, and this was followed by Seniors Card holders in May 2007, school students in July 2006, and the public in January 2007. Ancillary features (eg ability to make small purchases or pay for parking) have been deferred to later. The Perth system has some good features including:

- * Cash tickets are still retained. Discounts are offered with smart cards, which operate on a "tag on tag off" system and can be topped up by cash, B-Pay, direct debit etc.

- * School student identification cards can be combined with Smart Cards (each on two sides of the same piece of plastic with a microchip). The same with Senior Cards.

A further speaker at the FCT Summit was Mr Peter Martinovitch of the WA Public Transport Authority who outlined the successful expansion of the Perth Urban rail system, including the 72 km Perth - Mandurah railway opened December 2007 and complete with two underground stations at Perth. It offers services Sydney people can only dream about (like Smart Cards) where during peak hours, six services each way, each hour are offered. The train journey takes only take 48 minutes. You cannot drive it under 68 minutes in normal traffic. So, commuter real like the service.. During 2007-2008 a record 42 million journeys were made on the Perth rail system.

By way of contrast, the NSW Government has spent over \$2.3 billion for about 15 km of track in tunnel with stations for its Epping Chatswood Rail Line (ECRL). Part of the ECRL cost blowout was due to a political decision not to build a rail bridge over the Lane Cove River, thus requiring both extra capital cost for more tunneling and extra operational cost. The line is STILL to open, and this will be initially on a restricted basis with a shuttle service.

From a presentation at the FCT Summit by Professor John Stanley from Melbourne, quoting Professor Peter Newman from Perth, the following figures covering the ten year period 1997 to 2007 are of interest. They are taken from a graph.

Major City	Population Growth	Public transport patronage Growth
Sydney	10	12
Melbourne	15	40
Brisbane	22	50
Adelaide	6	18
Perth	17	31
Australia	14	25

Figures by this writer were given in his August 2008 submission to IPART showing similar trends in rail patronage growth for the five year period to 2006-07. Both sets of data clearly shows that **the services offered by RailCorp are not being taken up to the same extent in Sydney as they are in Australia's four other major cities.**

Professor Stanley also addressed the need for government at all levels to ensure that Australia's major cities improved their urban public transport to reduce road congestion, improve their competitiveness, address climate change with less vehicle kilometres, and to cope with population growth. He also made the point that it is time to reform road pricing and this should extend to congestion pricing in major cities. This includes Sydney.

One speaker from the American Public Transport Association outlined why the present United States surface transportation system needs to reduce its dependence on fossil fuels and land take, to better serve both the economy and future population growth (with a planning horizon out to 2050. Another overseas speaker from Europe spoke of how good Urban Public Transport is appreciated by people and helps to get cars off the roads - a point emphasised by a senior manager of the Singapore Land Transport Authority in her speech.

The recent IPART report (p157) refers to an estimate of consultants of the total external benefits during 2007-07 due to RailCorp at \$1.0575 billion, and IPARTs finding on page 97 that the total value of the external benefits in 2007/08 was \$1.6 billion. However, shutting down the entire Sydney urban rail system would incur costs that would not be a simple matter of Sydney having to cope with extra road congestion due to many vehicles.

It is suggested that there would be both short term effects and serious long term effects for a CityRail shut down. The short term effects include the extra road congestion due to many more buses and cars (as did occur on the odd few days during the 1980s)) and lost productivity (with some people not turning up to work). The long term effects could be much more serious, and include people 'voting with their feet' and leaving Sydney. The NSW Government worked hard during the 1980s to make Sydney Australia's financial capital, a role traditionally assumed by Melbourne. As Professor Stanley said at the FCT Summit, Melbourne would be pleased to regain this standing. In time, Melbourne could also replace Sydney as Australia's 'world city'.

4. Other comment – South Coast and Southern Highlands

In August 2008, this writer submitted to IPART that South Coast services should have no increase in fares until four conditions are met.

- A. Sufficient new OSCAR sets are introduced so that all suburban Tangara sets can be removed from the South Coast line.
- B. The train timetables are speeded up to at least pre May 2006 running time standards.
- C. Effective efforts are made to stop the number of extensive train delays between Waterfall and Thirroul due to signals going to red in wet weather.
- D. A study is completed to assess the adequacy of track capacity on the existing South Coast line to support additional Cronulla - Sydney, South Coast passenger services and freights trains. Such a study should examine potential improvements to Waterfall – Thirroul track alignment and triplication of Hurstville Mortdale along with the benefits and costs of completion of the Maldon Port Kembla Railway.

It is conceded (Illawarra Mercury 7 October 2008) that two conditions - that new OSCAR carriages replace Tangara carriages on the South Coast and that delays due to signal failure between Waterfall and Thirroul are reduced - are being addressed. However, the 6.29 am train from Wollongong to Central was a Tangara on both 28 and 29 October 2008 was a Tangara and at least one had no toilet and was fitted with non-reversible seats.

The other two suggestions regarded speeding up trains and a study examining the ability of the present track to handle extra trains. It is appreciated that the Federal Department of Infrastructure, Transport, Regional Development and Local Government is funding a Pre-Feasibility Study on completing the Maldon-Dombarton rail line, and also that this study will involve the Port Kembla Port Corporation. However, there appears to be no concession at all from the NSW Government that either the South Coast trains should be improved (transit times and speed) or the existing line should be upgraded.

In addition, IPART on page 140 notes average incomes in the Illawarra and the Southern Highlands are “significantly lower than the Sydney Statistical Division median income”. As well, Wollongong has high unemployment and people need improved trains at reasonable fares to Sydney for employment opportunities. All things considered, it is trusted that IPART will support the view that any increase in rail fares for South Coast train services should be limited to CPI.

Southern Highlands train services are currently limited in frequency and transit time, with little or no Government plans to upgrade them. It is also submitted that any increase in rail fares for this line should be limited to CPI.