

Blue Mountains Commuter & Transport Users Asso.Inc  
Ref. IPART Submission Rail 08  
Date: 31<sup>st</sup> Oct.08

To Mr. James Cox  
C.E.O  
Independent Pricing and Regulatory Tribunal  
1 Market Street  
Sydney

The Association members once again thank the Tribunal for the opportunity to comment on the recent Draft Reports issued recently. I am addressing the submission in two parts the Draft Report on Improving CityRail's Accountability and the Second part on the CityRail's Fare review

To reply to the all-embracing recommendations, comments by the Tribunal I have endeavoured to present the Association's views to the Tribunal.

Comments on the:  
*Draft Report, Improving CityRail's accountability and incentives through stronger governance arrangements.*

**Section 1. Introduction and executive summary.**

The Association members cannot understand the Governments approach when we consider the policy mechanisms to manage the system, we wonder what the overhead costs that are incurred with the various acts and policy statements e.g.

*Acts and Policy Statements e.g Statement of Corporate Intent, Rail Performance Agreement, Transport Administration Act, Total Asset Management Policy, Government Procurement Policy.*

Of course we have the Government's of the Day have their policy, directions to the Authority and Boards etc

Other overriding Plans, Authorities Acts etc that have influence on the delivery of the Rail service begs the question as to whether the overhead costs of management must be a large portion of the costs to deliver a rail service. **Please see addendum 1**

The Association suggests the Auditor General / Treasurer should review the costs of this system of management should be reviewed and take the opportunity to introduce under the new authority a more efficient management system

The majority of Commuters want safe fast reliable services, connections that work no fuss rail network clear information, easy to use ticketing and comfortable services ITSRR have the reports that demonstrate this.

The Association agrees that the funding agreement should clearly and transparently show the individual components of funding costs of providing efficient rail services

- a. Costs of providing efficient rail services.
- b. Costs of meeting Government Policy.

The Association agrees with the recommendations on pages 6-7-8-9-10 **Over 2**

(2)

The Transport Act should be re-written that reflects the Policy of the Government, that is clear in enforcing Customer Charter, Service Standards and other directions that ensure the outcomes and expectation of the Community The Community will be very interested in the content and the Community Service Obligation that stems from these documents.

### **Chapter 2. Strengthen CityRail's Governance**

The Association does agree with the statements offered in this chapter, We look forward to the outcomes that come from this Chapter Hopefully Management of the Rail Service take up the challenge as presented, the rail service will reflect this.

### **Chapter 3 Improve the Statement of Corporate Intent.**

The Association agrees with statements within this chapter regardless of it being a corporation the same standards must apply The recommendation on page 24 is agreed with as Division of the Authority the Management has to have the responsibility to ensure efficiency is paramount to giving good service.

### **Chapter 4 Improve the RPA so it becomes an effective service agreement**

. The Association certainly agrees with the requirements that IPART has raised on page 25 indicating the requirement for CityRail to have "an effective service contract" based on the Customer Charter.

We certainly agree the RPA should include the performance benchmarks. The RPA should be based on the Customer Charter and Rail Management should have the part of the culture a willingness to act in a timely manner when occurrences occur in the system that are causes for Customers complaints.

e.g Water Egress into carriages from poorly maintained carriages. Toilets that have water leakages, rubbish bins on stations, rubbish removal from carriages, doors that are maintained better on older rolling stock. Information on trains and stations that are adjusted and maintained in a timely manner.

### **On-time running**

The Association agrees with the recommendations as listed on page 33-34-35-36 of the report we note with satisfaction the recommendation "Consider the feasibility of measuring on-time running at major centres as well as CBD The Association recommends this be done Parramatta-Penrith-Springwood -Lithgow.

I attended the Waterfall Inquiry and the timing of the accident was well discussed and the times of all services in that period

### **Over Crowding**

**It is very difficult for RailCorp to overcome overcrowding when the rail system is reaching capacity and the Governments of the day are either reluctant to increase the physical infrastructure to allow the Rail Authority to construct extra capacity into the system or acquire more carriages on demand from manufactures The block purchase has been the custom for many years. The announcements of the Tangara was an effort to influence the Electors. These cars gave many problems before the major riding issues were addressed. Over 3**

(3).

**Over Crowding contd.**

**My experience with Telecom Australia in the Quality Assurance and Contract are witnessed the methodology where three companies were delivery virtually the same product.**

**Surely, the Rail Industry could have similar approach two companies could deliver on carriages to a design that is the same as seen now with the Millennium and Oscars with internal changes as necessary. We now have two models and shortly virtually a third that is made overseas The costs could have been contained and spread over a larger production runs and importantly the expertise kept in Australia**

*I noted in the September Issue of the English Magazine Modern Railways on page 50 the following. East Midlands Trains starts train refurbishment. Note the installation of a passenger-counting device –an innovative device piece of technology that allows passenger flows monitored a fist for East midlands Trains*

The statement on page 32 certainly encompasses the Association view point very accurately i.e The annual review of the SCI and RPA, Mot should review the indicators and targets to assess whether the passenger rail services the Government is purchasing are consistent with its public transport strategy and in line with passengers' priorities.

This would be achievable if the Government would have “ *A consistent public transport strategy*” and “ *the Customer Charter that is based on the passenger priorities*”

**Section 5 Improving the Funding agreement:**

The Association agrees with the recommendations in this chapter and we noted with interest is the question on “Cost Overruns” The recent expose of the cost overruns on Clearways and other projects is a great concern as indicated on the 24<sup>th</sup> Oct. Sydney Morning Herald in reference to “Cost Overruns “ My calculation on the costs quoted The Total Projected Cost \$1619 Million with an approximate cost overrun between 30%-50% the estimate costs are between \$485.7- \$809 million dollars .

If the figures are correct any request for increase fares and the financial return from the fare box appears insignificant This figure does not take into the account the Epping -Chatswood Line T card or other overruns within the RailCorp and not to mention the ICAC into RailCorp

There are other instances of this issue namely the Auditor General's Reports on  
1 Tangara Report 2 Fare evasion 3 Internal Review Arrangements  
4. IPART Yearly Reports 5 Connecting with Public Transport  
Another Report released on 5<sup>th</sup> Nov 08 is not speaking favourably once again.

The Association is very concerned that RailCorp is in a continuing process of Restructure and appears to draw to itself to outside Auditing by Auditor General, ITSRR, and the annual IPART Inquiry  
RailCorp has to have a management system that reduces the need for these Reports and must subsequently mean a better economic performance

**Over 4**

(4)

The Commuters should not have to accept fare increases when the financial auditing of the system lacking in effective fiscal controls allowing cost overruns We are most disappointed that any mention of the Responsibility of RailCorp Board is lacking.

The Association agrees with the intent on page 38 of this report The Commuters have been requested to pay more share of the rail costs incurred in providing the service. This would be more easily accepted if the costs were more easily understood and CityRail had more control of expenses were mistakes are avoided for instance.

- T.V Screens on stations were installed without reflection inhibitors.
- Lack of corrective maintenance on the Intercity cars that resulted in the loss 11 cars It has been observed that XPT carriages made at the same period are still in operation
- The Association recommends the Auditor General to investigate the employment of consultants versus the use of "In House" Staff who should have the expertise to address the ongoing management of the system ( We agree that there is room for consultants but has CityRail reached the stage where the management so far as " In House" decisions they are compromised by inaction or fear of making a decision  
( I witnessed at the Waterfall Inquiry the Manager was passing one consultation report to another Consultant the evidence was obvious. As the Judge said "Why did you not make a decision"

**If my observation is incorrect I am available to view RailCorp's Documentation on this matter.**

**I notice also the management structure of RailCorp is not available indicating the staff structure numbers and employees**

#### **Comments chapter 5.**

The comment on the accountability and transparency is a valid point but we do not want to "Drag Down" RailCorp to the degree that destroys the RailCorp management and staff who on the whole are endeavouring to operate the rail system. The system we believe should have the auditing systems that indicate the trends and failures and that corrective action is put in place to alleviate longer-term effects on the system.

The Association understands that this process is not easily learnt by staff but it is not a difficult process Transparency of the system should address this weakness

The Association therefore seek assurance that any Funding Agreement should have the controls necessary to avoid Cost Overruns, Poor Project Management, Schedule of Rates that are known to the Board and Ministry to ensure the dollar spent is well spent.

#### **6 Improve transparency and public reporting.**

The Association agrees with IPART recommendations in this chapter the reporting should clear and transparent with the aim to reduce the need for the Auditor General

We agree with the sentiments that are expressed in this chapter The Community and Station Staff in the Operations area are the ears and eyes of the rail system and listening to these resources are invaluable We understand that 131500 is being reviewed 131500 is another resource but we need a faster response for corrective action

**Over 5**

(5).

**Fare Rises:**

As you may take form, the submission the Association cannot accept any fare increase especially with the issues and comments we have raised. The fare structure is complex and I will make the following observation. In regards to long distance fares, we cannot see the rationale as on the Blue Mountains we have the following distribution of Population.

The total population 75,800

17% use the rail service, 75% use the car 7.25% walk cycle.

The population is spread over 70KM s across the Mountains.

Upper Mountains Katoomba –Mt Victoria Area 10% use Rail Transport

Middle Mountains Lawson-Hazelbrook Area 11% “ “ “

Lower Mountains Springwood – Faulconbridge Valley Heights 20% Rail

Lower Mountains Warrimoo- Blaxland – Lapstone 18% Rail.

There is an interesting figure in the Upper Mountains the % of the population that earn less than \$26,000 is 36% of the population and thus would be surely pressed with higher fares also we do not have the specific figures but if we assume on 10% use the train and the area has a population of 5464 then we have approx 546 using the train and as 36% have an income of less than \$26,000 we are looking at a market that may be able to afford the increase approx 350 This is based on figures in the Council Papers. These figures may be challenged I would welcome it.

I question whether the income from Long Distance Travellers would be worth the effort in upsetting these customers also have we forgotten most of the journeys will be between the various towns on the Mountains and to Penrith There is the requirement to establish ticket sales as to what benefit long distance fare rise will benefit RailCorp

The Association Members struggle to cope with the Overlay of Acts, Reports, Plans By-Laws etc These are just a few; We are sorry for the Staff of RailCorp.

Policy Acts

Government Procurement Policy

Total Asset Management Policy

State Infrastructure Strategy

Rail Performance Agreement

Transport Administration Act.

Statement of Corporate Intent

ITSRR Ticketing Corp, Planning Dept ARTC Infrastructure Development Corp.

Management Tools.

Health and Safety Act.

Access & Disability

Environmental Act.

Rail Safety Act

Union Agreements.

Engineering Protocols

**All this to deliver a rail service that when I arrive at a station the train is On Time Clean reliable and I will be able to return home later Begs the question.**

**The Association is very concerned that further changes by the Government may not give a result of a positive nature.**

Yours faithfully

Paul Trevaskis CMILT Hon. Sect



## **Comments for IPART draft report review of city rail fares**

### **Comments for page 21 [para 3]**

- The Blue Mountains Commuter & Transport Users Association Inc [BMC&TUA] has recommended to City Rail that it should consider organisationally adopting a quality management technique. The BMC&TUA has amongst its membership people that are industrially familiar with industrial quality management techniques. There has been a demonstrable lack of organisational interest by the representatives of City Rail that were approached. Based on this experience the BMC&TUA is supportive of the approach adopted by IPART in respect to acting to incorporate service standards into the economic regulatory framework.

### **Safety standards [page 23].**

- Safety standards must not be used as an organisational excuse for providing a below standard performance by the management of City Rail.
- Reporting of City Rail's performance. Actions have to be taken to ensure that realistic information is provided. The practice of shifting the 'Goal Posts' must be controlled.
- Actions must be devised to ensure that fully representative samples are used for this purpose. In short actions must be devised to prevent statistically convenient information being used for this purpose. The BMC&TUA have been subjected to some very elastic statistical data provided by City Rail in the past.

### **Stakeholder's Views section 3.2 [page 24].**

- The BMC&TUA has presented on many occasions cases for measuring on time running over a twenty four hour seven day interval. The BMC&TUA stands firm on this proposition.

### **IPART's considerations in making its draft decision [page 25].**

- The BMC&TUA has requested a copy of the Boston Consulting Group's report. To date the BMC&TUA has not received a copy of this very expensive study and as such this association is not in a position to provide any authoritative comments.

### **Recompensing passengers [page 25].**

- The BMC&TUA agrees with the direction adopted by IPART on this matter. It is important to provide a form of organisational penalty to City Rail for not providing an acceptable standard of service quality and quantity. On previous occasions actions have been taken to delay the introduction of fare increases yet the problems with City Rail continue.

### **Service standards cont [page 26].**

The history of the attempts to introduce an electronic ticketing system by City Rail is not a project for the 'Faint Hearted'. Just how much money has been spent on the existing project beggars belief. The history of the attempts to introduce an operational Customer Charter tends to follow the pattern of the electronic ticketing project. It is considered that this approach should be terminated.

**IPART's assessment of City Rail's recent service performance [page 27].**

- The current City Rail's timetable has so much slack built into it that it is nearly impossible for City Rail not to have improved its on time running. This is a classic example of shifting the Goal Posts. It is understood that the Intercity trains from the Blue Mountains are timed as they enter the tunnel at Redfern station not on arrival at the respective platform at Central Station. Intercity trains are often held back owing to operations within the Central Station yard and as such actually arrive late at the station. This is another example of shifting the Goal Posts.
- During the negotiations for the introduction of the current timetable representatives of the BMC&TUA were informed by a representative of City Rail, that they required all trains to have a loading capacity of 130 percent to increase the financial returns for City Rail providing a train service. This has been achieved with the outcome as predicted by the BMC&TUA. Clearly there is a problem in attempting to balance the passenger loadings for the trains. This has been discussed with City Rail and there has been a strong reluctance to separate trains. This acts to produce some services having excessive passenger loadings and other with lower passenger loadings. City Rail must learn or be forced to act to balance its carriage numbers with expected passenger loadings. It is agreed that there have been losses of Intercity carriages through poor maintenance techniques. This has complicated the situation.

**Approach to fare setting [page 28].**

- The BMC&TUA has no objections to establishing a determination period and a specified date when fares will change.
- The BMC&TUA is not in agreement with the methodology used for establishing the fares. Part of the methodology used relied on providing a value estimation that is provided to a region by having access to a rail service. The point of objection here is that for the residents in these regions who do not choose to use the provided rail services they still receive the estimated financial benefits without having to pay directly. This is not equitable in any way. There are areas in the Blue Mountains that have a rail service break for two hours yet they will be required to pay more for the use of this service.

**IPART's considerations in making its draft determinations [page 31].**

- There is agreement given by the BMC&TUA in respect of having the fares adjusted on 1<sup>st</sup> January.
- Providing greater scopes for creating incentives for City Rail is another burning question. It is considered to be impracticable to rely just on the application of a longer determination period. There must be introduced into the system some form of a direct accountability mechanism. As an example the management of City Rail should provide an estimated operational cost that must be monitored by a regulatory authority as a suggestion the NSW Government Auditor whose task it should be to review the financial performance of City Rail's management.

- There are many rumours regarding the amount of rework performed by City Rail or on the behalf of City Rail. It is reasoned as being an insufficient control method to rely exclusively on the use of a four year funding period to control the expenditure of City Rail. The control and accountability of City Rail's managers must be overseen and accountability requirement established. In organisational terms there have been too many management misadventures and these must be controlled and accountability accepted in the future.

**Stakeholder responses [page 32]**

The BMC&TUA is opposed to the notion of having the fare paying user being required to recover capital investment costs. Public transport is exactly that. It is for the service of the general public and as such the capital costs must be fairly borne by the community not just the actual customers.

**Approach to fare setting [page 35] third point raised**

- In many cases or instances the decision to extend or change the services offered by City Rail is as a direct result of a government policy or response. To expect the fare paying customer to have to financially respond to this activity is grossly unfair. The point is that if the greater community is offered the benefits of these changes of improvements and the costs must be fairly borne by the wider community. A case in demonstration. If a bridge is built specifically for road traffic should the fare paying rail customer be exempted from making a taxable contribution towards the cost of this bridge for the benefit of road users? . This approach would certainly change the government.
- Why should the fare paying passenger be expected to pay more to allow the government to spend more on hospitals and education? We all pay taxes and particularly the recently introduced GST, which financially penalises equally the low payed and the higher wage and salary earner. Clearly as a community the amount of taxes raised and estimated on the requirements of the broader community and just a select portion of the community.

**Approach to fare setting 5th paragraph [page 36]**

- The BMC&TUA strongly objects to the logic presented in the fifth paragraph. The case is that this association has to be convinced that the case as stated in the discussion proposing the use of the NSW Auditor to control the expenditure and financial accountability of City Rail is also directly applicable here. There is a case for the consideration of the balance of the maintenance costs for any new developments with City Rail. In this instance there is some strength in the case of using this additional maintenance costs as a direct measure for increase in fares.

**Page 37-second paragraph.**

- This case of emptying external benefits is deemed as being flawed. Consider the resident living in the country. Is he or she permitted to pay lower state taxes, as they do not have satisfactory access to public transport? It is not thought so! Dose the person who exclusively uses a private vehicle have the value of their property depreciated as they elect not to use public transport?



**Approach to setting fares [page 42-second paragraph of section 4.6.2]**

In response to this discussion the following experience is offered. Over the years since the introduction of the Intercity rail carriages there has been a steady decline in the quality of comfort that these carriages originally provided. The tinted windows, which reduced the strong glare of the afternoon sun, have been removed. In addition the double-glazing has been removed. The installed air conditioning has a long history of failure rendering these carriages in the summer nearly impossible to travel in. The fare for the paying customers who travel in these trains had the cost of their fares raised by three percent above the existing suburban fare structure by an IPART decision. The reported justification for the additional three- percent was that IPART stated these travellers have a superior standard of service. Currently these Intercity trains now carry standard suburban fare paying customers who are not paying the additional three percent fare increase above the standard fee for the kilometres travelled. In addition these Intercity trains also function as connecting services for Country Link as well as the suburban service provider. The hygiene standard of the toilets has been a source of continual complaint by passengers. Water containers have been removed from service in the carriages also.

**Section on finance pages [43 to 48]**

**The association has refrained from making a detailed submission on this section owing to the incapacity of the association's authority on this subject. A general comment is offered in that we consider that possibly this accountability format may not be directly applicable to a government operation.**

**Page 49 section 6.3**

- The BMC&TUA refrained from providing comment on this aspect owing to the fact that that we did not have access to the Boston Consulting report. The association notes that over the years a number of organisational misadventures have occurred. These misadventures were reported as costing a significant sum owing to the effects for having to perform rework or that the project under action totally failed.

**Efficient operating and maintenance expenditure. [page 50]**

- Comment is noted in the second last paragraph regarding the willingness of passengers to contribute to the costs of providing train guards and station staff. Clearly there is a direct measure of cost vrs organisational benefit with this suggestion. In the instance of a passenger suffering an accident the costs associated with litigation and compensation could far outweigh the actual expenditure of having guards supervising the safe departure and in transit operation of the train. A similar situation is envisaged to exist on railway stations. In the case of an accident occurring whilst the train is in transit a question exist as to the management of the passenger's safety. The costs of failing to adequately manage this type of situation could be extremely prohibitive. It is strongly recommended that this proposal be subjected to a very careful and detailed examination after all the legal fraternity needs no assistance in increasing its annual turn over rate. They are doing quite nicely thankyou!

**Section 6.4 Considerations in making its draft decision [page 51].**

- Clearly a requirement exists to monitor and evaluate the actual costs associated with the provision of public transport to achieve a balance of service and value for the money spent to both the government and the fare paying public. It is noted that the LEK report has identified that a considerable saving to reduce operational costs by about 18 percent could be achieved. However, it is not certain just how much more could be achieved by the examination of the reasons for the number of project cost overruns and organisational misadventures that have been reported as occurring in City Rail and Rail Corp. A typical case is that of the current project for electronic ticketing. Just how much extra money has this project costs? A case in point is the amount of reported extra work being performed in the region of the Lithgow Tunnels. This work has been an on gonging project since 2000.
- It is agreed that as new lines are added to the existing service that additional cost are associated and the general public must be made fully aware of these this extra costs. But in a number of instances cases of significant expenditure have been reported. The series of problems that were encountered with the development of the recently installed inter suburban rail cars where problems were experience with the frequency chopper used for controlling the trains speed is one case of interest just how much did this one costs? The point of concern is that others have been reported. Another case is the actual costs associated with the current series of reorganisations that have been conducted in house by City Rail and the additional cost generated via the number of reorganisation of City Rail, Rail Corp and the other associated reorganisations.

**Concerns that LEK unfairly targeted frontline staff [page 53]**

- Agreement is given for the instance where LEK identified that City Rails train drivers spend a low percentage of their time driving trains. This is a classic example of the problems associated with the efficient management for the staff of City Rail. It is also stated that this example is a demonstration of the need for City Rails management to rethink the activities of its staff. The daily newspaper made an issue sometime ago about the situation of the railway station at Albion Park in the south coast. This is another example of the need to rethink the tasking required by City Rail staff. In the instance where a station has a very low percentage patronage there could be a strong case for City Rail to adopt a practice similar to that of the RTA where they employ people as Lolly Pop stick staff to supervise the pedestrian crossings at public schools. To avoid union activity this practice could be introduce over a few years as current staff either retire of leave City Rails.
- A number of stations in the Blue Mountains are not well aligned with the station's platform. Thus elderly of disabled people require assistance to either alight or join a train service with a degree of safety. In addition others require assistance with directions or regional information. The BMC&TUA have previously supplied City Rail with a listing of employment activities for the region's stations that provide a beneficial performance. This submission has been ignored by City Rail.

- It is apparent by observation that the presence of station staff acts to reduce the amount of graffiti activity on City Rail buildings.

**Maintenance of infrastructure and rolling stock [page 53]**

- A problem with the intercity carriages was the development of severe corrosion in the reported structural sections of these carriages. It was reported that six carriages had to be removed from service. This corrosion activity was reported as being caused by a contractor using paint to electrical separate two dissimilar metals from each other to prevent electrolytic corrosion. Using paint to separate dissimilar metals is not an accepted practice yet this was overlooked during the refitting /repair tasking. The result of this was about six million dollars of rolling stock being removed from service and possibly to have to be replaced. The BMC&TUA requested permission to have one of its professionally qualified members examine these carriages but this was not approved by city rail
- As another example the BMC&TUA has been informed by a City Rail manager that a significant component of the ongoing tasking in the Lithgow tunnels was the failure of the initial contractor to provide sufficient under concrete water drainage. Hence the increased hydrostatic pressure is continually damaging the concrete aprons in these tunnels. Note that there are ten of these tunnels involved in this problem.

**Adjusting for major maintenance expenditure. [page 56].**

- Some of the problems associated with periodic maintenance have been presented above. However, with the current trend towards outsourcing of maintenance work there is a requirement for inhouse monitoring of the work performed by contractors. This example suggests that in the enthusiasm to downsize City Rail has striped out the number of people with the expertise to control / evaluate the standard of work performed by respective contractors. Another aspect is the ability of City Rail to fully evaluate the value for money spent for external maintenance work that is tendered by contractors. This is not to say that a contractor is trying to overcharge for the provided service but frequently with greater industrial / practical experience there is a more cost effective way to perform the required tasking and the contractor is obviously not aware of these techniques.

**Value of the RAB over the determination period [page 58 to 62.]**

- As reported the BMC&TUA authority is not in a fit condition to review this section to form an objective assessment for submission by this association

**Increase in forecast level of the government subsidy [page 63].**

- The decision as to the amount of subsidy that is provided to City Rail is a decision by the elected government that relates to many factors identified as being externalities in paragraph three of this section. These decisions are part of the electoral system and as such must be consider and politically evaluated by the electorate when voting for a political party.

- It is impossible to place a value on these externalities, as these would have to be evaluated before each election period. The BMC&TUA raise a strong objection in respect to employing the claimed added value of local residence to railway users as being a measure of value for City Rail. Non users of City Rail services also directly benefit by having these services in close proximity so why does the person who elects to use public transport have to pay for these same benefits as those who do not elect to use these services?

**Increased in forecast level of farebox revenue.[page 64].**

As reported the BMC&TUA is not in a position to fully respond to this section, however, a common reasoning is presented. The BMC&TUA has a current policy that farebox increases should be in line with the relevant CPI. However this policy does have a short fall in that it fails to accommodate additional costs that are generated by introducing additional new services. Thus the association has taken broader view of this policy and now accepts what is deemed by the membership to be an affordable contribution for rail service users. The basis of the association's decision is the regional knowledge of the economic demographic for the greater region of the Blue Mountains. As stated during the round table discussion conducted by IPART the representatives of this association reported that this region has a unique economic demographic profile that is distinct for the established Sydney suburbs. The lower Mountains to the Middle Mountains there is a higher family household income. However, as you progress into the middle and upper mountains this situation changes. There is a greater dependence on government's social support and a reduction in private vehicle ownership and a reduced number people living at the one address. In addition the recent report by Professor Buchanan of the University of NSW supports the information received by this association about the extent of financial stress in the lower and upper mountain's households. The association was informed that the percentage of Blue Mountain's households that were either in a situation of financial stress or close to this situation was in the range of forty to fifty percent. The research conducted by Professor Buchanan acts to confirm the association unofficial information.

**Comments on the methodology for rolling forward the RAB [page 67].**

- This approach is a new direction and as indicated by the current thrust of this IPART investigation there is a need for the general public to be placed in a position where they can have a direct feed back into the direction that the RAB is going to take. This is now more important considering that yet again the organisation of City Rail and Rail Corp is going to change.
- Concern is raised in respect to the direction indicated in the last paragraph on page 68. The point of immediate concern here is that as reported if the government invests a billion dollars in the City Rail network then the fare paying passengers will be required to contribute an additional 300 million dollars. This approaches ignore the fact that the balance of the population that elects not to use public transport is excuse for suffering the added expense yet they have elected not to use public transport but they still have the added economic benefits as presented in the is document as per the LEK

- report and thus gain direct benefits. [Not happy with this approach] and it is envisaged that many in this electorate and other electorates will not accept this concept either. The remarks given in the second paragraph of page 70 will have to be carefully reviewed and the electorates informed of this approach and its consequences.

**Comments on the financial aspect provided at pages 71 to 84.**

- The BMC&TUA association is again inhibited from providing an authoritative response to this matter until our authority has returned to full health.

**Forecast patronage growth. [page 84]**

- The first response to be mentioned is the common statement 'Yes I am in favour of Public Transport provided that I do not have to use it'. This statement is strongly adhered to by many in the population. The accepted fact by the BMC&TUA is that the standard of service delivered by public transport must be such that a person must make a consensus decision to use public transport over the use of a private vehicle. Much has been made by the management of City Rail and the Minister for Transport Hon Watkins regarding the increase of patronage of public transport owing to the increasing price of petrol. Information received by investigation of the executive of the BMC&TUA indicates that a significant contributing factor to the increase use of public transport is the massive congestion experienced on Sydney's roads.
- The examination of the graph presented as at page 87 reporting City Rails Annual Passenger Journeys since 1989 .90 % change Vs Years Ago reveals three points of interest yet no interruption has been provided. These depressions and peaks are significant in the percentage change and as such should contain valuable commercial information on this subject yet they are not commented upon. This must be examined.

**Growth in CBD employment. [page 87]**

A trend identified by the survey work performed by the BMC&TUA over the past years seeking to identify the travelling requirements of the Blue Mountains residents has shown a change in the destination requirement. Initially the preference was for the Central Business District but in more recent years there has been a significant preference given to the Parramatta region and the Penrith region. A reasoned problem associated with the density of passengers travelling to the CBD for employment could be inexpensively off set by having the NSW Department of Planning increasing the rate of establishing the regional growth centres. If this action was encourage by the provision of financial incentives directed to the employers currently situated in the CBD to shift their business operations to these growth centres the problem of high passenger densities travelling to the CBD could be solved for a minimal expenditure.

**Fare increases that result from this determination [page 88].**

- The first noted point by the executive of this association in the Booze & Co report was that the sampling was conducted in the deemed inner Sydney suburbs.

- It is noted that the cost of tickets for these travellers is considerably lower than those for defined long distance commuter and other traveller from Sydney's outer suburbs. It was observed as reported that the elasticities determined certainly went negative and it is confidently stated that the reported negativity of the derived negative elasticities will go even more negative if the surveying was conducted in the outer Sydney or the Commuter regions.

**On going growth in patronage during peak periods and capacity constraints [page 90].**

- This problem could be relatively eased if actions were taken to disperse the employment centres as presented above

**Increases in oil prices and road congestion [page 91].**

- Years ago there were only two certainties in life these being death and taxes. These days we must include increasing oil prices. It is envisaged that the prices for oil will follow future pattern of presenting a graduated increasing price range. However the current trend of noting that there will be price range remaining for oil in the future that reflects the general market concerns. In terms of the expected rail patronage as a consequence of increasing oil prices it is envisaged that there will also be peaks in the numbers of passengers choosing to use rail as an alternative to oil prices increasing. But there will also be a slight fall off expected as people adjust to the residual price increase in oil. The federal government acting to introduce a carbon tax will also generate a response by noting an increasing rail patronage. It is not a sound practice to expect in the near future that the rising price for oil will produce the required increase in rail patronage that would provide for lower rail fares. It is envisaged that the change to rail will be a generation factor in preference to an economic one.

**Value of external benefits of City Rail [page 93].**

- There is great difficulty in noting the benefits. The benefits that are obtained by having a functional public transport system is significant to the broader community. The patrons who chose to use this service are providing a greater benefit for those who elect to drive to work or other business activities by private car derive a direct benefit by not having these people taking up valuable road space in their private cars. An immediate example of the chaos that this would cause each day is by observing the road traffic in situations of a Rail strike. The community benefits and as such the community has to be prepared to pay for this connivance not just the rail patron.

**Share of the review revenue requirement to be funded by passengers through fares. [page 101]**

- The fact that the full costs of operating City Rail are not covered by the patrons is fully understood. And it is accepted that city rail provides a large number of external benefits to the wider community and this justifies the support of the rail system by the respective government of the day.

- It is noted that the cost of tickets for these travellers is considerably lower than those for defined long distance commuter and other traveller from Sydney's outer suburbs. It was observed as reported that the elasticities determined certainly went negative and it is confidently stated that the reported negativity of the derived negative elasticities will go even more negative if the surveying was conducted in the outer Sydney or the Commuter regions.

**On going growth in patronage during peak periods and capacity constraints [page 90].**

- This problem could be relatively eased if actions were taken to disperse the employment centres as presented above

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- and the financial inducement was offered to CBD employers there would be a significant reduction in peak rail passenger densities and there would be the desired reduction in the operational costs for City Rail.

**Social impact of the fare determination [page 133]**

- The BMC&TUA have previously stated its understanding of the regional economic profile of the region's residents. The point stressed by this association is that a different economic demography exist within the Blue Mountains and using demographic economic data that is derived from the greater Sydney region is not applicable for this region. The previously quoted economic rate of twenty eight dollars per hour is not considered as being typical for this region.