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Review of CityRail Regulatory Framework
Independent Pricing and Regulatory Tribunal of NSW
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REVIEW OF CITYRAIL REGULATORY FRAMEWORK
SUBMISSIONS IN RESPONSE TO DISCUSSION PAPERS

We attach our submissions in response to the two Discussion Papers:

1. Determining CityRail's revenue requirement and how it should be funded,
2. Deciding on the structure and level of CityRail fares

Unfortunately, due to the time constraint, the complexity of the subject and the limited resources available to us, we are unable to present the more thorough response that the subject deserves.

In addition, the task is made more difficult by the daily revelations in the newspapers of changes to the underlying conditions – a new stand-alone Tcard, longer morning and evening peak hours, increasing petrol prices, accelerated passenger growth, new weekly ticket for private buses, separate administration of any metro lines, etc.

The comments in our submission do not represent firm APT policy, but are matters that should be considered. In some cases, the comments may be contradictory, representing the range of views of APT members.

We have no objection to these submissions being made public.

I will be unable to attend the public roundtable discussion on Thursday 31st July, but APT colleague Kevin Eadie has offered to attend. Phone 9819 6052, email kevin_eadie@hotmail.com

Yours faithfully,

Allan Miles
Assistant Secretary
Action for Public Transport (NSW)

FUNDING PAPER - SOME GENERAL COMMENTS

1. IPART should be able to investigate and make recommendations on CityRail's "efficient costs" without reference to fares. Is the expenditure of other agencies tied in some way to their charges? Is the RTA's expenditure tied to vehicle registration fees?
2. Given the entrenched culture of practices within CityRail, developed over many years, and usually in consultation with, or under conditions imposed by, the unions, what hope is there of changing any of CityRail's practices which might be found to incur "inefficient" costs? There is a whole range of things that CityRail simply cannot change. There is a further range of things that CityRail can only tweak at the edges, or change slowly.

We quote the following line from the Sydney Morning Herald editorial on 8th July 2008: "Anecdotal evidence is strong about pockets of overmanning and a middle-management that has simply thrown up its hands in the face of the nexus between unions and the Labor State Government which has long thwarted reform and discipline."

3. Supposing IPART identifies "inefficient" costs in CityRail – who is going to make recommendations on how to address them? What motivation or reward will there be for individual CityRail managers to achieve "efficient" costs? In the mid-nineties the economic rationalist cost reductions that were achieved by new managers, and much lauded with graphs, etc in the Sydney Morning Herald, are today referred to as "under-investment" (in maintenance, for example) and are blamed for the increasing number of in-service breakdowns.
4. Somewhere, there should be a discussion about the likely impact on travel behaviour, even "quality of life", if fares were to rise by more than CPI. IPART's suggestions of increases of 30% over three years are way over the CPI. The CPI for Sydney for March 07 to March 08 was 3.9 per cent., which, continued at that rate, would be only 16 per cent over four years.
5. Has IPART addressed the conflict between the government policy of increasing patronage (page 14, et al), and its proposal to significantly increase fares.
6. At a time when the failure of the Tcard project is being blamed on the complexity of the current fares (amongst other things), it seems absurd to be calcifying and perpetuating this nineteenth century distance-based system.

We realize that a new fare system is many years away, and that the Discussion Paper is dealing with next January, but it is disappointing that no attempt has been made to steer course in even a slightly different direction. Now is the time to start throwing overboard some of the junk accumulated over the past 153 years, not adding to it.

7. Page 1 of the funding discussion paper refers to CityRail's Customer Service Improvement Program. We suspect that this is a self-indulgent exercise which will achieve nothing. How will any improvements be measured? It would be interesting to see just what CityRail claims to have achieved already. Is the CityRail submission available for public viewing?
8. Pages 7 and page 70 of the "funding" discussion paper say that "This revenue requirement must be funded either by passengers through fares or by taxpayers through government funding." This not true. Other sources of funding include:

- other discrete and distinct beneficiaries of the CityRail system such as shopkeepers in the vicinity of stations, and people selling property near stations.
 - public borrowing by bonds, for either specific projects or general purposes.
9. This inquiry into CityRail's requirements seems to be proceeding in almost total quarantine from any consideration of the public transport system as a whole.

IPART DISCUSSION PAPER 1 (FUNDING)

Determining CityRail's revenue requirement and how it should be funded

1. Is a multi-term fare determination of four years optimal?

We agree that a four year funding plan would be preferable to the present and precarious year by year existence, with an associated fare plan of a similar term.

The expenditure plans would need to have some iron-clad protection against the axe of subsequent treasurers and the fare levels need protection against the sticky fingers of subsequent railway administrators.

We ask what will happen in the second year of the plan. Will it be a rolling four-year plan, with 2013 added to the end when 2009 drops off at the beginning? Or will the 2009-12 plan expire and then a new 2013-16 plan be started?

2. Are there benefits of having rail fare changes implemented on a calendar year basis (fare increases in January of each year) so that the fare change date is consistent with other public transport modes?

In the ideal system, there would be no need to co-ordinate bus, train and ferry fare rises, as the one ticket would cover all modes. However, as Sydney is the only Australian capital where you can still buy a train ticket, it would be desirable from many points of view to co-ordinate fare changes with those of other modes.

APT would prefer a January 1 implementation rather than July 1. Many workers are on holidays in January. A July fare rise might disrupt the continuity of many peoples' budgeting.

3. Is there any reason why IPART should not adopt the building block approach to determining CityRail's revenue requirement? (Reference page 21)

We can see no reason why the building block approach to costs and revenues should not be adopted. The alternative methods do not give a true cost of running the railway.

This approach looks beyond just the operating costs and revenue, and includes capital costs, debt costs, and return on capital and assets.

The government's concerns about additional borrowings are just a legacy of its long-term failure to provide adequate funding for infrastructure. Its concerns about the additional work required may be justified in the first year, but after that, the same procedures can be used annually.

4. To what extent do passengers benefit from the presence of guards on trains and the staffing of low patronage stations relative to the costs?

The matters of guards on trains and station staff need to be looked at separately. Passengers are captive on trains. They are not captive on platforms.

Guards on Trains

Everybody can tell different stories on this. In the days following the release of the discussion papers, people wrote to the newspapers saying either how helpful or useless the train guards are. The functions that the guards perform today could probably all be done by the driver with the aid of technology. A CCTV camera on a train will not stop violence or vandalism from happening, but then, neither will a guard. In the event of an emergency, most passengers have mobile phones.

The question of safety and security also arises, itself divided into actual security and perceived security.

Passengers benefit from guards on trains in the following ways:

- seeking advice when waiting at unattended stations
- instructions being relayed to passengers during emergencies
- laying ramps for wheelchair passengers at unattended station
- otherwise assisting people with disabilities

We have not reached the stage where we can do without a security person on the train. Passengers are constrained and can't run away. The cost of an on-board security person is the (justified) price the operator must pay for offering travel on a 1920s era system. The high-tech Metros of the world have different considerations.

Station Staff

The situation with station staff is different. Staff do not need to be provided at all stations at all times. Many stations have been left unstaffed at certain times for years now.

Station staff can be replaced with ticket vending machines, CCTV, press-button service info kiosks, and roving maintenance staff.

Note 31 in the Discussion Paper says that current staffing is determined by a number of factors such as passenger numbers, station size (number of platforms), proximity to other unmanned stations and community expectations. Assuming that the station staffing is at a bare minimum now (in accordance with the criteria) we would not wish to see any further reduction.

Passengers benefit from staff on platforms in the following ways:

- buying tickets when the machines don't work
- receiving answers to queries
- having the toilet doors unlocked when requested
- the station being kept clean
- a feeling of safety

It is not possible to say how these benefits are "relative to the costs". It is easy to calculate the savings made by withdrawing staff from stations, but the cost of an injury or death which might have been avoided by the presence of staff is indefinable.

5. Are LEK's recommended efficient operating costs and the efficiency improvement objectives implicit in these recommended costs appropriate?

No comment

6. Are IPART's preliminary views on adjusting LEK's recommended efficient operating costs appropriate?

No comment

7. Are LEK's recommended efficient capital expenditure and IPART's preliminary views on adjusting this expenditure appropriate?

No comment

8. Are IPART's estimated value of CityRail's Initial Capital Base and the approach it used to determine this value appropriate?

No comment

9. Is IPART's preliminary view on the methodology for rolling forward the Asset Base to 2011/12 appropriate?

No comment

10. What is the appropriate value of the ECRL (Epping – Chatswood Rail Link) assets to be included in CityRail's Regulatory Asset base in light of the terms of reference and assessment criteria for this review?

No comment

11. Is it appropriate to adopt an ex-post review of the prudence of actual expenditure incurred over the determination period, as part of the methodology for rolling forward the Regulatory Asset Base?

APT queries whether the mention of "prudent" capital expenditure implies the existence or possibility of "imprudent" capital expenditure. And who would judge which expenditure was wise or foolish? Should there be some procedure for stopping imprudent expenditure before it gets started.

12. What should the ex-post review of capital expenditure consider?

No comment

13. Is a rate of return of 8 per cent optimal to determine the return on capital element of the revenue requirement?

Most small investors in real estate would be delighted to get a net return of 8 per cent on their capital. Rather than being optimal, perhaps 8 per cent is too optimistic.

14. Is the patronage growth rate outlined in Table 6.6 appropriate for determining CityRail's revenue requirement?

Table 6.6 gives forecast passenger growth as 5.0% in 2008/09, 2.5% in 2009/10, 2.5% in 2010/11, and 2.5% in 2011/12 %.

The front page of the Sydney Morning Herald on 30th May 2008 carried a story entitled “Petrol crisis fuels bus, train crush”. It was reported that in the year to February 2008, CityRail passenger growth was more than 4.7 per cent, roughly matching the forecast above. However, this is an average for the whole system. Growth on some lines was more than 6 or 7 per cent. Growth on other lines may have been constrained because peak hour trains are already full.

In the light of these figures and the weekly increases in the price of petrol, the growth figures of 2.5 per cent per year for the period 2009-2012 do not seem realistic.

It could be said that capacity constraints might dampen the potential growth and limit it to the 2.5 per cent stated. That may be the case with peak hours, but it is highly likely that travel patterns may change, with people moving to less crowded times and less crowded lines.

15. How should any commercial revenue earned by CityRail be treated for the purposes of determining fares?

Commercial revenue is about \$130m per year, roughly 5 per cent of the total revenue requirement of \$2,400m. Just as CityRail’s passenger task should be managed efficiently, so should the commercial side. Is there an incentive for property managers to maximise profit? Or are their costs submerged in the ocean of passenger carrying costs?

Any profit from commercial operations should be calculated separately before being ultimately used to offset passenger carrying costs.

16. Is the range of \$1.7 – \$2.0 billion an appropriate estimate of the value of the external benefits of CityRail’s services?

Many years ago, in a submission to IPART, CityRail made some crude calculations for external benefits. There were figures for several categories, but they were not added because some benefits were counted in more than one category. The sum of the parts, though invalid, was memorable, because it was \$999 million. Ten years or so later, CityRail’s estimates are still around \$1,000 million. We would have thought that the value would have increased in that time.

The calculations are very esoteric, and we do not pretend to understand them, but a range of \$1.7 bn - \$2.0 bn seems appropriate.

We question the academic statement on page 60 that “most people (that is, motorists) value their time at less than their prevailing wage”. We can’t imagine that anyone would make a “car or train” choice based on the monetary value of time saved, at his or anyone else’s wage rate. He would most likely base his choice on his perception of the value of his time.

17. Are there any additional external benefits that should be considered in estimating the total value of the external benefits of CityRail?

We cannot find any reference to the social, physical and mental benefits provided to the population by the presence of a good railway (or other public transport) system.

Most of the calculations above seem to be “rail vs road” choice. For people without access to a motor car, the choice is “rail vs stay home”. The ability to get out and about, to meet friends, to visit sick people at home or in care, or just have a “day out” is important and valuable. Social

isolation has a cost in mental and physical health, and the role that rail plays in reducing that cost should count as a benefit.

We note on page 56 that IPART says that these benefits “are enjoyed by the individual so are not external benefits to the wider community”. That is academic nonsense. The benefits of some motorists moving to rail are enjoyed by the other individual motorists remaining on the roads, so the benefits to individuals accrued by going out rather than staying home should also be counted.

Other external benefits might be:

- the value of having a choice of travel modes (car or train)
- enhanced real estate values

And then there are the “negative” external benefits:

- train noise
- trackwork noise

for those living close to the tracks.

18. If so, how might these additional externalities be quantified?

Some of the social service agencies might be able to provide an estimate. A figure of \$50 m to \$100 m might be appropriate, although we have no way of justifying this.

19. Should the government share of the revenue requirement be equal to the external benefits calculated by IPART?

The statement on page 64 that the \$1.7 billion funding for CityRail is “equivalent to a subsidy of \$15 per week for each household in NSW” is both gratuitous and emotive. So is the next sentence about how many people never use the train. Similar statements could be made about how much each family pays in subsidies to schools, hospitals, police, DOCS, national parks, art galleries, etc that they “never use”.

It is difficult to say whether the government funding should be equal to the external benefits, but nevertheless it is a good starting point.

20. Is it appropriate for CityRail passengers to contribute around 30 per cent of CityRail’s revenue requirement by 2011/12?

Currently passengers pay about 26 per cent of CityRail’s costs. An increase in the share to 30 percent over four years does not seem unreasonable. However, this comes with two conditions – that CityRail’s costs are properly managed, and that passengers see some visible evidence of improvement.

21. What weight should be given to affordability issues in determining the shares of the revenue requirement to be funded by passengers and government?

Bringing “affordability” into consideration would seem to run counter to all the other clinical economic evidence in the discussion paper.

One is not sure how affordability could be included. Millionaires live at Penrith. Impoverished people live at Chatswood. It may be preferable to ignore affordability in any revenue-sharing formula and allow the government to address affordability by concession fares or other means.

On the subject of affordability, it should also be noted that any large increase in fares could result in an increase in fare evasion.

22. What weight should be given to the estimated value of the external benefits of CityRail services in determining these shares?

This seems to have been answered at question 19 above.

23. What weight should be given to the State's other spending priorities when determining these shares?

We do not think it is IPART's role to consider spending priorities across departments. The state government should determine priorities, and therefore amounts, across transport, health, police, education, etc, and then raise the appropriate total revenue for distribution by whatever taxes or charges it has in its power.

24. To what extent should any increase in future government contributions be tied to demonstrated efficiency gains by CityRail?

We have heard all this before - about government and passenger contributions being tied to demonstrated efficiency gains by CityRail - but it never happens. What if CityRail shows no efficiency gains, or goes backwards?

25. Do fare increases over 4 years of around 20 – 30 per cent before the effects of inflation, provide the appropriate balance between passengers and taxpayers?

Perhaps we have not grasped the mathematics or logic in this, but our understanding of Figure 8.1 on page 72 of the discussion paper is that an average annual fare rise of 4 per cent will give a 30 per cent cost recovery from fares by 2011/12 (excluding the Epping-Chatswood costs). To recover 30 per cent of costs (including Epping-Chatswood) would need an annual fare rise of 10 per cent each year for four years – clearly unacceptable socially and politically.

However, if fuel price increases are to stay well ahead of general inflation, there is the possibility of large fare rises not affecting patronage.

END

FARES PAPER - SOME GENERAL COMMENTS

1. Since the demise of Tcard Mk I, the number of ticket products seems to be increasing. We have new weekly tickets on private buses, the distinct possibility of separate fares and ticket on the proposed Metro, a 14-day rail ticket, etc, One would have thought that, because the complexity of the current ticket system was a major cause of the Tcard failure, then some attempt might be made to simplify the structure.
2. Issue number 4 on page 4 asks “how can the current fare structure be improved so that it promotes efficient investment decisions?” While changes to the fare structure might promote “efficiency in the use of the rail network”, there is only a very tenuous link between fare structure changes and investment decisions. A fare structure may change tomorrow, but the investment decision based on the old structure will not bear fruit for many years.
3. Issue number 5 on page 4 asks how the current fare structure can be improved to help manage demand for CityRail services during peak periods. We presume that “manage” is a euphemism for “suppress”. What then are the impacts on road congestion, and on the overall efficiency of the total transport network, of increasing peak fares in an attempt to manage peak demand?
4. If “climate change” is as important as the current external debate suggests, what impact will fare levels, and fares based on distance travelled, have on travellers choosing the less environmentally damaging mode?
5. On page 8 it says that there are some demand side-options that IPART is able to influence. We ask who will address the issues or options that IPART cannot influence? Are they more important?
6. On pages 8-9 of the fares paper, IPART says that this approach (flag fall, constant or declining per/km charge, and a consistent discount for periodicals) “is more cost-reflective, and is simpler and more consistent. This approach will also be more compatible with an electronic ticketing system”. APT supports fare reform which is simpler and easier to understand for the passengers, especially novice or occasional passengers. We do not agree that a simpler fare system, per se, is necessarily an advantage to electronic ticketing. A major attribute of electronic computers is that they are able to handle complexities.
7. In Section 3.1.2 (pages 27-28) IPART lists four possible demand-side measures (non-exhaustive) of which two are within the scope of IPART’s reviews. Since IPART does not have the authority to take a holistic approach to fare setting, the question arises – is IPART’s work just academic?
8. Section 3.2 (page 28) says “that improving the structure of peak and off-peak fares is consistent with encouraging growth in off-peak patronage consistent with government objectives to encourage increased public transport patronage.”

This is fallacious logic. The government’s objective in increasing patronage is most likely aimed at reducing traffic congestion, pollution, etc. Growth in off-peak patronage does not achieve this.

9. Section 3.2.1 (page 29) discusses the marginal cost to CityRail of each additional passenger in the peak hour.

This argument could be challenged. The train service operates most efficiently when the trains are fully loaded – maximum revenue for a constant operational cost. “Each additional passenger” adds to discomfort, not to CityRail’s costs, unless and until CityRail decides to expand the capacity of the network by capital or operational investment.

10. Also in Section 3.2.1 (page 29) IPART says that the level of off-peak discount was not set with direct reference to the different costs of providing peak and off-peak services. APT asks “And why should it?” There could be more compelling reasons than relative costs for the level of discount. IPART’s dry economic rationale could be labelled as interesting but pointless.
11. Section 3.2.1 (page 29) also mentions that “better economic price signals” may promote “equity and fairness between peak and off-peak passengers.” And so it might, but so what?
12. In Section 4.1.2 IPART says that “the fare for a weekly ticket is discounted to reward or encourage frequent passengers”. The reward is not all the passenger’s way. CityRail benefits through lower costs of staffing, cash handling and ticket printing, and by receiving the cash a week or more in advance of providing the service.
13. We are concerned about the many threats to the TravelPass tickets implied in the document. While IPART acknowledges the popularity of TravelPasses and the reasons (page 50), the tickets obviously confound and offend IPART’s (and the Treasurer’s and the Ministry’s) obstinate sense of economic and accounting rationality.

In Section 4.2.2 (page 49) IPART says that a zone-based fare structure may not be appropriate for Sydney because journeys are based, not only on the central CBD, but also on regional centres such as Parramatta, Hurstville and Chatswood. This statement should be challenged. Other Australian cities with large regional employment centres (Dandenong, Toowong, Upper Mt Gravatt) have zone-based fare systems.

(page 51) “IPART will be particularly concerned to ensure that the existing relativities between TravelPasses and CityRail flag fall plus distance-based periodical tickets ... are maintained.” Why should the relativities be maintained?

(page 55) “For operators, the one flag fall charge and per km charge fare structure is superior to the current zone-based structure of TravelPass fares, as it establishes a link between incremental revenue and cost.” Who is more important, the passengers or the operators?

14. In Appendix B (page 69) IPART compares single train fares in Brisbane and Sydney. This is valid up to a point. However, it fails to mention that (a) a holder of a single ticket in Brisbane can change without further cost to any other train, bus or ferry within the zones paid for, and (b) a return ticket in Brisbane is actually an unlimited use all day ticket within those zones.

IPART DISCUSSION PAPER 2 (STRUCTURE AND LEVEL OF FARES)

Deciding on the structure and level of CityRail fares

1. Should fares for peak period travel represent CityRail's base fares and fares for off-peak travel be offered at a discounted price? Or should off-peak fares represent the base fare and fares for peak period travel be offered at a premium price?

At first glance, one says that this is irrelevant, as it makes no difference to the revenue. However, perceptions and marketing are involved.

It could be said that off-peak should be the base as it covers most of the week. This would reduce the argument that weekly tickets and multi-modal tickets are too cheap.

On the other hand, an off-peak standard would require a premium or surcharge for peak hours. From a marketing point of view, it would be easier to have a discount for off-peaks than a surcharge for peaks.

Actually, the debate should not be about whether peak or off-peak is the standard, but why a single ticket should be used as a standard at all. Sydney is the only Australian capital where you can still buy a single train ticket. A zone fare should be the standard.

2. What is the appropriate methodology for setting peak and off-peak fares?

The main thing is to ensure most people have a prepaid ticket to reduce staff and queuing. Thus there should be multi-trip tickets as well as periodicals, with casual single purchases bearing a heavy penalty.

3. To what extent should off-peak fares be set to encourage growth in off-peak demand?

We need to clarify what is meant by “growth”. Does it just mean a transfer of patronage from the peaks.

Nothing, even free travel, is likely to encourage growth in the off-peak of itself.

The setting of the peak boundaries may be more important in encouraging off-peak demand than the actual discount.

4. To what extent should off-peak fares be set to encourage a shift from peak to off-peak travel?

While evidence shows that the recent change in ticket price difference did cause a shift from off-peak to peak travel, this differential might not work in reverse. Family arrangements and employer policy are likely to be of greater importance in a shift from peak to off-peak.

5. What level of discount compared to peak fares is likely to encourage passengers to shift from peak to off-peak travel?

As mentioned elsewhere, price or discount is only one of many factors that would encourage a shift.

6. What is the relevant ticket that off-peak fares should be compared to? For example, should off-peak fares be compared to multi-trip tickets that are already heavily discounted?

They should be about the same fare as weeklies if used five days. Making them too cheap could encourage the nuisance of regular commuters queuing daily.

7. Are there any other factors that are likely to encourage passengers to shift from peak to off-peak travel?

Other factors that would encourage a shift are comfort, and the likelihood of getting a seat. Some factors that would discourage a shift are the lower off-peak frequencies and slower journey times.

Some large employers may be amenable to allow four long day workweeks, such as in financial market back-office. Special rates could be negotiated for season tickets for their staff.

8. To what extent should the off-peak discount be available to passengers travelling in non-congested parts of the network?

Cheap contra-flow could be allowed at the extremities of the system.

9. Should off-peak ticket holders be permitted to travel on congested areas of the network during the afternoon peak period?

It depends on the impact that off-peak ticket holders have on crowding. Historically, the p.m. peak is flatter than the a.m. peak. This is shown in Figure 2.2.

However, an afternoon peak period, as exists in Brisbane, could cause strife when passengers (for whatever reason) insert the return portion of an off-peak ticket in the electronic barrier after the cut-off period. What are they expected to do? Wait until 6.30 pm to go home? Or return to the ticket office and buy a full price ticket?

10. What time limits should apply to the use of off-peak tickets?

If dispersion of work hours increases then the official peaks would need to be expanded. At some point the off-peak concept could become irrelevant.

11. Is there a need for additional off-peak tickets?

They could be created as periodicals for particular large employers. Otherwise there are too many tickets already.

12. What ticket or fare products would need to be available to encourage a shift from peak to off-peak travel?

Occupation- or employer-specific periodicals.
Multi-trip tickets could be issued separately for peak and off-peak.

13. What are the implications of adding additional products?

All ticketing must be made simple, for two reasons:

- to make the use of public transport more attractive;
- to reduce costs (staff training, and printing and storing ticket stocks)

14. How should the current integrated tickets such as TravelPasses be priced to ensure users of these tickets are not receiving a disproportionate subsidy from passengers using single and periodical tickets while still allowing and encouraging multi-modal travel?

There is no risk of “subsidy”. These people are being given relief from multiple flag falls on what is, to them, a single journey.

15. Is a flat flag fall charge and a per kilometre charge that reflects CityRail's fixed and variable costs the most appropriate fare structure for CityRail?

This would not be politically appropriate as it hits outer-metropolitan areas hard.

Is it really true that a flat flag fall charge and a per kilometre charge does reflect CityRail's fixed and variable costs?

16. Should cost reflectivity be the most important consideration for IPART when determining the flag fall and per kilometre charge?

If rail is to collect only a quarter of its costs, then the relative costs between destinations are unlikely to have much impact on the traveller.

17. For periodical tickets, should there be a constant discount regardless of distance travelled?

This is mainly a political and town planning issue. If urban sprawl is to continue, then perhaps it is better to encourage it along rail corridors.

There are arguments for maintaining a disparity of discounts. The current high discounts for long distance periodicals, if not initiated for political reasons, are certainly maintained for political reasons.

It should also be noted that many people with short distance periodicals probably get more than 20 per cent discount now as they use their ticket to travel to a regional hub at night and on weekends. This certainly applies to people living close to the Sydney CBD, and probably also to people living near other centres such as Parramatta, Chatswood, Hurstville, etc.

Conversely, people who travel from Gosford or Campbelltown to the Sydney CBD five days a week for work are unlikely to want to make the trip again outside of work hours.

It should be remembered that if inner suburban residents make greater use of their periodical tickets, they also pay more in property taxes, stamp duty, rent, etc.

18. If a constant discount for periodical tickets is adopted, is the 20 per cent discount that is currently applied to Sydney metropolitan bus fares a suitable target to transition CityRail ticket prices towards?

Given the risk of missing one day's travel through sickness, or the offer of car ride, 20 per cent is a very small discount.

Many people take a regular RDO or flexi-day, some people only work three or four day weeks, and there are eight or nine weeks in the year containing a public holiday. In such weeks the only advantage in having a weekly ticket is avoiding unnecessary queues at the ticket box.

The bus discount should actually be more than 20 per cent, because prepaid bus tickets make the buses go faster. Prepaid tickets do not make the trains (or ferries) go faster.

19. Do CityRail users have a reasonable capacity to absorb increased fare levels?

This is a gamble at present. Fuel prices say yes, but the overall family budget situation is deteriorating.

20. Does the availability of concession and off peak fares effectively minimise the impact of higher fare determinations for those with a lesser capacity to pay?

No, these rise in proportion.

END