

*Submission to the New South Wales Independent Pricing and Regulatory Tribunal  
Determining CityRail's Revenue requirements and how they should be funded  
AND  
Deciding on the structure and level of CityRail fares*

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**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 earlier submissions to Government, including IPART in its review of Rail Fares in 2007 and 2006, and, on various publications of the writer.

Many issues are raised in the two IPART reports released in June 2008, for which comment is invited. However, many relevant issues are not raised, or only given a fleeting mention. Possibly the largest issue facing RailCorp is the effect that the trend in increasing petrol prices is having on the demand for train services. Yet, no mention appears to be made on this issue the report 'Determining CityRail's Revenue requirements and how they should be funded' (the Revenue report) and only a brief mention is made of it in the "Fares report" 'Deciding on the structure and level of CityRail fares' (Section 5). In this section, a graph Figure 5.7 is given on page 62 and the petrol prices are only tracked out to 2006.

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 both existing CityRail services along with demands for new services. In turn, this will lead to demands for more capital funding. Yet, the issue of potential strong further growth in the near future for urban rail passenger services does not seem to be addressed by IPART in the two discussion papers.

It is not if the issue of the need to expand CityRail's reach (eg to North West Sydney) and to improve its services has not been raised by official reports in recent years. The main two reports, conspicuous by their absence in either the Revenue Report or the Fares Report, are the New South Wales Government 1998 Action for Transport report and the 2001 Christie Report.

A further issue is that of road pricing. The Revenue Report on page 17 in the context of longer determination periods for rail fares notes the existence of the Parry report as does the Fares Report on page 36 re non-price factors affecting choice of off-peak travel. It seems difficult to make a convincing argument supporting a significant increase in rail fares (from a level of about 25 per cent to 30 per cent of the cost of providing the services) without addressing cost recovery from road users in the Greater Sydney Metropolitan Region.

The Revenue Report on page 69 notes that the cost of the Epping Chatswood Rail Link (ECRL) is \$2.3 billion and IPART's "preliminary view" that it may be appropriate for passengers to fund around 30 per cent of this cost over the life of the asset. This raises two questions. Firstly, the amount of \$2.3 billion is high for about 15 km of track in tunnel with stations, and was beyond CityRail's control and hence that of their customers. The Government of Western Australia got a much better result for an expenditure of some \$1.6 billion for some 71 km of new track including a short section in tunnels with two

underground stations. 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 costs in perpetuity due to steeper grades and restrictions on the use of rolling stock.

The second question relates to requiring rail users to pay for capital costs when often no such requirement is made for road users. Although tollways and new roads in subdivisions are a special case where the cost of the asset needs to be recovered, often no such requirement appears to be imposed on major roads. Take, for example, the Hume Highway where from 1974 in 2009 there has been an outlay of roughly \$7 billion in today's terms, with much of the expenditure driven by a perceived need to make this highway a Very Fast Truck route, complete with rigid (concrete) pavements, climbing lanes, town bypasses and stronger bridges. Yet the operators of heavy trucks (and their clients) are not required to contribute to the full capital cost of the upgrades. A car owner who drives from Sydney to Melbourne who may use some 80 litres of petrol and pay about \$30 in fuel excise (which is supposed to be a tax rather than a road user charge) also gets a good deal.

Closer to Sydney is the Sydney Newcastle highway which since 1988 has been a freeway and has been extensively upgraded. Again, both truck and car users of this freeway are for the most part getting a major road provided by taxpayers. Yet, the fact that the Sydney Newcastle highway is now a freeway does put some constraint on long distance inter-urban rail fares. Given IPART has raised the need for fare increases (and notes on page 53 of the Fares Report that the price of a weekly ticket from Newcastle to the CBD could rise 50 per cent), it is difficult to see how road pricing can be set aside by IPART in the present inquiry.

The IPART Revenue Report and the Fares Report raises the question of external costs in the context of setting fares. This is considered to be appropriate. However, it may well be better for government to try and reduce the external costs of road transport. More comments on external costs follow in Section 4.

IPART has also chosen to raise various efficiency issues within CityRail which may better be dealt with by RailCorp. Questions as to whether Gaurds should be retained when they may not be used in Melbourne need to be judged in the context that Sydney has a lot of curved platforms (more so than Melbourne) and with average train length increasing there may be a case for retaining Gaurds, albeit requiring them to walk their trains (as was the case in Brisbane for some years). Similarly, whether or not a train station is staffed would seem to be a matter for RailCorp rather than IPART. There may well be a case for having more station staff and extending their responsibilities to improving compliance with paying fares (ie avoiding fare evasion which did not seem to rate a mention in either report).

There is also the problem that if there is to be some downsizing of staff, this may result in a perception of poorer services. This will not help in reducing resistance to raising fares.

It also needs to be said that RailCorp and its preceding organizations has had no fewer than 8 Chief Executive Officers since 1995 when it was announced State Rail would be split into four statutory authorities, followed by two other major restructurings. These ongoing changes have not assisted the organization in service delivery, and have also removed from the organization its ability to articulate a strong vision of what a world class

railway should look like in terms of service delivery, and what capital investment is needed to provide the necessary upgrades.

To conclude this introduction, one big picture item is that in the five years to 2006-07, CityRail patronage increased by only about 2 per cent. During these five years, patronage on the Melbourne urban rail system increased by some 30 per cent, whilst Adelaide and Brisbane showed double digit increases, and Perth showed a 7 per cent increase off a high base. The low increase in CityRail patronage of 2 per cent over 5 years could be due to some people being ‘turned off’ using RailCorp around 2003, higher levels of fare evasion and/or undercounting of patronage. The 2007-08 levels of patronage for CityRail (and other Australian and indeed overseas systems) should be of interest.

It is also of note that during 1955-56, the NSW Railways moved 280.5 million passengers. Fifty one years later in 2006-07, RailCorp moved about the same number of passengers (albeit more urban ones and fewer country ones). There is scope for a much improved and extended Sydney rail system to carry many more passengers.

## **2. Should rail fares increase ?**

In 2006, this writer was of the view that the then request of fares sought by CityRail was very modest and given the need for both better services and more capital, the fare increases should be granted by IPART. In 2007, the support extended in 2006 IPART by this writer for an increase in RailCorp fares was qualified to suggest that South Coast and Southern Highland services should have no increase in fares until various conditions were met.

In 2008, IPART is floating the idea of a major increase in fares. At the same time, RailCorp has ongoing problems and many users of its services are finding them wanting. The question of supporting a major increase in fares is quite different from supporting an increase in line with the Consumer Price Index (which perhaps as suggested does not need an annual review by IPART).

It is respectfully suggested that a stronger case should be made to support a major increase in fares, and this should include consideration of road pricing. Also, as below, it should include a review of generous Seniors and Pensioners Concessions.

### **2.1 Comment regarding the South Coast line**

As in 2007, it is suggested that South Coast services should not have their fares increased until the following 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 ascertain the adequacy of track capacity on the existing South Coast line to support additional Cronulla - Sydney, South Coast passenger services

and freight 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.

Comment regarding the proposed South Coast line conditions follows.

A. It is pleasing to see that more OSCARs are in use, yet some suburban Tangara train sets without toilets (which were never intended for inter-urban train service) are in use. South Coast train travellers have had them scheduled on some services for years.

It was noted in the 2007 RailCorp submission (p19) that OSCARs coming into service in 2007 and 2008 will allow for *"Introduce a new South Coast service between Kiama, Dapto, Wollongong and the City in the late morning, and provide 430 extra seats on an existing four-car evening peak service between the City, Wollongong and Port Kembla."*

B. The present timetable that goes back to May 2006 is simply too slow. Moreover, there appears to be little or no will on the part of RailCorp Management to improve the situation.

As an example of slow South Coast train running times, the 5.12 pm weekday train from Central to Thirroul takes 84 minutes. In 1980, the 5.06 pm non-electrified train from Central to Thirroul took 75 minutes. This journey is some 70 km in length. More comment on slow South Coast journey times is given in Section 4.

C. Regarding extensive train delays between Waterfall and Thirroul due to signals going to red in wet weather this seems to have improved. However, there is doubt whether the problem has been solved. One such incidence with a delay of over 40 minutes was on 14 June 2007 and the Tribunal is again referred to the Editorial of the June 2007 issue of Railway Digest, *"'View from the Signal Box' the NSW South Coast Line – Where Does the Buck Stop?"*

The main conclusion from this article are that there has been a problem for some time when wet weather may lead to signals going to red. Other problems of note from this article include *'The slow and winding section between Waterfall and Thirroul'*, with the comment that the infrastructure is largely unable to cope with the demand placed on it now let alone the traffic levels anticipated as the population grows. In short, this assessment would warrant an Engineers Australia Infrastructure Report Card rating of F being *'Inadequate for current and future needs.'*

D. The NSW Government noted (page 36) in the 1998 NSW Government's Action For Transport 2010 statement that *'The State Government will ensure that a high speed rail link is built between Wollongong and Sydney prior to 2010.'* This was to reduce journey times by 15 minutes. Instead, journey times have been padded out over the years.

This statement also noted potential completion of the Maldon - Port Kembla Railway subject to *"the private sector or the Federal Government finding additional funds"* with \$37 million in funding.

In place of a new high speed South Coast line by 2010 and in view of the forthcoming expansion of imports through Port Kembla; it would appear that something

needs to be done to improve rail capacity and reduce train journey times. This would suggest eventual completion of the Maldon – Port Kembla Railway and/or to make improvements to Hurstville - Sutherland capacity and Waterfall – Thirroul track alignment.

It would be appreciated if IPART would consider supporting a study to assess the adequacy of track capacity on the existing South Coast line to support future additional Cronulla - Sydney and South Coast passenger services along with more freight trains. Although there is a case for private and or federal government funding for the Maldon - Port Kembla Railway, the least that the NSW Government could now be doing is:

- 1) Recommitment of the \$37m, preferably inflation adjusted – now about \$50m.
- 2) Acquisition of any remaining land needed to complete the railway.
- 3) A supplementary Environment Impact Statement (EIS) to ensure that the 1983 EIS meets current requirements.

It is of note that the new Federal Government in its May 2008 budget outlaid \$300,000 for a pre-feasibility study for completion of the Maldon Port Kembla railway.

## **2.2 Southern Highlands services**

There is also a case for train fares on the Southern Highlands to be frozen until more through running trains to Sydney are reinstated and/or the trains are speeded up. Most such services now require a change of train at Campbelltown (or Macarthur). More detail follows in Sections 3 and 4.

If you live at Goulburn and wish to use CityRail services to get to Sydney's Central Station, the chances are that your journey will require the use of a bus, a diesel multiple unit and a suburban electric train.

There is no doubt that persons living in Sydney's North Shore and commuting to the Sydney CBD are getting a good deal, and could pay more for their train services. Many other areas of Sydney are also well served with trains. However, South Coast train and Southern Highland travelers deserve much better than what is currently offered.

Good train services need good track. Here it is of note that the Victorian Government was able to announce on 30 May 2008 that with the Federal Government it would invest \$500 million for the Australian Rail Track Corporation to improve its Melbourne Albury line for the benefit of freight train operators and for rail passengers. It would be good to see the New South Wales Government to take an interest in getting a major track upgrade from Sydney to Goulburn (as outlined in Section 5.2 below).

## **2.3 Concessions**

It appears that no changes are proposed to current concession card holder fares. It is submitted that the current Seniors Card concession of \$2-50 for wideranging rail bus and ferry travel is too generous, and the Parry Report recommendations were a reasonable compromise between discounted travel and improving revenue.

The point was made during IPART hearings during 2006 that it was less than equitable to be expecting regular patrons to bear the additional cost of rail fare increases

when holders of concession cards were not expected to pay more. This point could be given some attention during the 2008 review process.

A further issue is the availability of concessions during the morning peak. It would be not unreasonable to restrict these concessions to off peak, and to soften the blow, offer as recommended by the Parry Report, half price concessions for travel during the peak.

### 3. The Parry Report

The 2007 RailCorp submission on page 12 notes: The Parry Report (“Challenges to Providing a Sustainable Transport System for NSW” 2003) explicitly stated that *“CityRail fares should increase modestly in real terms to help fund better services. Significant capital expenditure has and will be undertaken to improve current and future customer service, and some of this expenditure needs to be recouped from users of the service.”*

The same quote from the Parry Report was made was made by RailCorp in its 2006 submission that noted (page 6) *“CityRail fares should increase modestly in real terms to help fund better services”*.

Moreover, the NSW Government should revisit all of the recommendations of the 2003 Parry Report. In addition, RailCorp, whilst working harder to continue to improve services to the traveling public, needs to make a stronger case for further fare increases in real terms in 2008.

### 4. Travel times

This section will give a brief comparison for some peak hour rail journeys of about 70 km in length with Sydney, Melbourne, Brisbane and Perth as a destination.

To **Sydney**, morning peak times for (express during week day) trains leaving the origin stations as indicated between 6.00 am and 8.00am follow in Table 1.

**TABLE 1 SYDNEY CENTRAL BOUND MORNING PEAK HOUR TRAINS**

Station	Distance from Central (km)	Transit times (minutes)	Average (minutes)	Number of trains
Woy Woy*	73	74, 77, 74, 76, 73, 73, 76	75	7
Blaxland	71	74, 73, 70, 71, 74, 77	73	6
Thirroul	70	79, 82, 79, 79, 79	80	5
Douglas Park	73	94, 87, 95	92	3

\* Via Strathfield. Additional services are provided via North Sydney

To the new Southern Cross Station (SCS) in **Melbourne**, morning peak times for (express during week day) trains for Victoria's new Regional Fast Rail (RFR and non-electrified) on four lines are as follows:

Geelong (72.6 km from SCS), the average peak hour transit time is about 60 minutes. There are about four such city bound express trains per hour during the morning peak hour.

Ballan (79.5 km on the Ballarat line) An (average) representative peak hour transit time for is 62 minutes Ballan to SCS (AM peak) About two trains per hour.

Macedon (69.8 km on the Bendigo line) An (average) representative peak hour transit time is 61 minutes Macedon to SCS (AM peak). About two trains per hour.

Garfield (74.9 km on the Gippsland line) An (average) representative peak hour transit time for the Gippsland line is 78.5 minutes to SCS (AM peak) On this line, transit times are higher due to the difficulty V/Line services have in pathfinding on the suburban network, which starts at Pakenham (58 km). The Pakenham corridor is one of the more congested suburban corridors.

To Roma Street in **Brisbane**, morning peak times for trains from Nerang (75.9km) take 66 minutes. The track was upgraded to give more capacity and an improved timetable was put in place around March 2008 with at least three peak hour trains per hour.

From Glasshouse (71km to the north) to Roma Street, two trains per hour take an average of 73 minutes. Duplication work on an improved alignment is currently underway between Caboolture and Beerburrum (64 km from Roma St) at an estimated cost (2005) of \$240m. This work is due for completion in mid 2009. Present indications are that the work is well ahead of schedule.

To **Perth** on the new 71 km line to Mandurah line that was opened in December 2007, the best journey time is a mere 48 minutes (at least 20 minutes quicker than driving in peak hour. There are six trains each way each hour during peak hours.

This level of service in New South Wales for a 71 km journey to Central Station in Sydney can only be dreamt about. Yet, it is being delivered in Western Australia.

Clearly, these new West Australian interurban train services set a benchmark for Australia. Victoria's Regional Fast Rail that was commissioned during 2006 following track upgrades and new trains is also commendable. The improved service has resulted in a 30 per cent increase in patronage within a year to 2006-07. The interurban services in Queensland already offer good transit times, and work is currently progressing to improve mainline track capacity to offer more train services.

However, in New South Wales, although much work is underway, there does not appear as yet any commitment to measures to improve the relatively slow transit times of inter-urban trains.

The issue of raising fares needs to go hand in hand with service improvements. Yet, timetables only rate the briefest of mention in the fares report, whilst transit times do not rate a mention in either report.

If the travelling public is now expected to accept that the May 2006 timetable with its padded timetabling is now standard, then it may be hard to get support for a new level of fares.

## 5. The need to expand and upgrade the rail system

RailCorp remains as a system where much further investment is needed to keep past with Sydney's growth during the last 30 years. The 1998 Action for Transport 2010 proposals should be revisited, along with the 2001-02 report of Mr Ron Christie. Part of this report appears in Appendix A. This includes remarks on *The critical issue of capacity constraints*.

Any suggestion that Sydney's rail system will be adequate once Epping - Chatswood is built and the "Clearways" programme is completed should be questioned. More comment by this writer is offered in Appendix B.

The price of a poorly performing urban rail system is high. It includes increased road vehicle usage, with increased road congestion, air pollution, and road trauma. Road congestion was recently and conservatively estimated in a 2006-07 report for CoAG as costing Sydney \$4 billion per year.

Increased oil prices, and positioning RailCorp to cater with the likely expected demand if oil prices continue to increase, also requires addressing.

The 1998 NSW Government statement *Action for Transport 2010* listed a number of rail projects for completion by 2010. These included:

Parramatta Rail Link by 2006  
 East Hills line Quadruplication (to Kingsgrove by 2003)  
 Newcastle to Sydney- High Speed Rail Link Stage 1 Hornsby - Warnervale by 2007  
 High speed rail link - Thirroul tunnel prior to 2010  
 Completion of Maldon Port Kembla railway (subject to some Federal/private funding)  
 Epping to Castle Hill rail by 2010 (underground - 7 km - \$350 million)  
 Priority freight line from Macarthur to Chullora and to Cowan.

*Action for Transport 2010* noted studies to be undertaken for a Fassifern - Hexham rail bypass, and a rail tunnel under the Little Liverpool Ranges (the latter progressed by the ARTC).

Clearly, Stage 1 of a Newcastle to Sydney- High Speed Rail Link completed by 2007 is now out of the question. However, since 1998, the Western Sydney Orbital was planned, constructed and opened in December 2005 ahead of time. Yet planning on the Waterfall Thirroul and Newcastle rail projects is yet to proceed to land acquisition and environmental impact assessment.

In addition, *Action for Transport 2010* notes plans for new rail lines between 2010 and 2020 as follows:

Complete Stage 2 Hornsby to Newcastle rail upgrade  
 Complete the Hurstville to Strathfield line  
 Northern Beaches line from Chatswood to Dee Why  
 Southern Beaches line from Bondi Junction to Maroubra  
 North West line extension from Castle Hill to Rouse Hill

The need for augmentation of track capacity within and near Sydney would appear to include; in addition to those items listed above



- A. Chatswood – Wynyard quadruplication; including taking over two lanes on the Eastern side of the Sydney Harbour Bridge.
- B. A Sydney rail freight bypass;
- C. Hurstville – Mortdale (- Sutherland) triplication;
- D. Waterfall – Thirroul new routes (need identified in 1990, reaffirmed *Action for Transport 2010*, detailed planning work still to start) and or Completion of the Maldon Port Kembla Railway
- E. Hornsby – Gosford track straightening.
- F. Quadruplication of the line to East Hills.

As recognized by many submissions to the 2002 AusLink Green Paper, some Federal funds will be needed to improve urban rail systems in Australia. This view was reaffirmed by the Senate Standing Committee on Transport etc in its 2005 report on AusLink, and, the House of Representatives Standing Committee on Environment and Heritage in its September 2005 report 'Sustainable cities' (which had 7 recommendations on transport, some of which could be adopted by the New South Governments).

Attention is also invited to five transport recommendations (6 to 10 inclusive) in the Final Report of the Senate Inquiry into Australia's Oil Supplies released on 7 February 2007.

## 5.1 Short North line

Getting faster trains between Sydney's Central Station and the Central Coast - Newcastle - Hunter region is a major challenge. Although some detailed preliminary work was done for Hornsby-Warnervale track upgrading (with a 2001-02 \$1 million NSW budget allocation for planning), no further work has been done (or communicated to the public).

The nature of track upgrading between Hornsby and Hexham will have implications for improving both Sydney-Gosford-Newcastle CityTrain services and high speed intercity rail services.

There is a need for commitment by both the NSW and Federal Governments to improve Hornsby - Broadmeadow passenger and freight operations. More details are given in Section 4. The objectives to be considered include:

1. Increasing freight capacity (now around 22 paths each way over some 14 hours of the day - there is a need for up to 50 paths over 22 hours or more per day);
2. Shortening running times for all trains;
3. Reducing grades for freight trains (irrelevant for passenger trains); and,
4. Providing reliability for all trains on the upgrade of the Cowan Bank.

A third track combined with curve easing on the Cowan Bank could be coupled with a ridge top passenger line. This line could use steep grades and short tunnels to get a high speed alignment from north of Cowan to south of Mt Kuringai (able to be used by all passenger trains). This should be a substantially lower cost solution to these challenges than an Mt Kuringai – Hawkesbury River tunnel earlier proposed within the NSW Government or an outlay of \$1127.60m as noted in the 2006 North South Rail Corridor Study (NSRCS- (page 6-56).

The construction of a Fassifern – Hexham bypass would also improve future separation of freight and passenger trains near Newcastle.

People who use the trains between Sydney and the Central Coast/Newcastle/Hunter Valley need a much more positive view of further upgrading to follow the present work as was noted in Chapter 1 of the NSCRS (page 1-16) re the Coastal Sub-Corridor *Infrastructure Requirements*

*"Further infrastructure investment beyond the current ARTC program does not indicate substantial additional benefits in terms of either significantly reduced transit time or greater demand. The Study Team analysis suggests that the current problems associated with congestion north of Sydney can not be easily or cost effectively addressed."*

Failure to upgrade the Hornsby - Gosford line for passengers and freight will result in increasing pressures to augment the Sydney - Newcastle freeway from 4 to 6 lanes (and, in another decade, from 6 to 8 lanes). Clearly, full Federal funding of the Sydney - Newcastle freeway with the absence of road tolls, and no Federal funding for the Sydney - Newcastle railway, has resulted over time to a major distortion in travel choice.

## **5.2 Campbelltown - Goulburn**

Rail access between Campbelltown and the Southern Highlands uses 'steam age' alignment. A direct Menangle to Mittagong route to run alongside the Hume Highway was proposed by Bill Wentworth as far back as 1991. The Wentworth route would shorten point to point rail distance by nearly 20 km and cut time for all trains. The 2001 ARTC Track Audit estimated its cost at \$218 million for single track. Double track is a better option.

The Hume Highway was diverted to its present route as far back as 1980. The railway still winds around hills, instead of cutting through them. The extra distance and slow running forced by steam age alignment encourages people to look to driving cars on roads.

## **5.3 South Coast line/ Maldon Port Kembla Railway**

The final report of the State Development Committee in relation to the Inquiry into Port Infrastructure in New South Wales released 17 June 2005 noted, inter alia, comment for and against completion of the Maldon-Port Kembla railway, and the option of tying it in with the "Wentworth" rail deviation from near Menangle to Yanderra or Aylmerton. The NSW Committee made two related recommendations:

Recommendation 12. That following the anticipated transfer of general cargo stevedoring to Port Kembla in 2006, the NSW Government re-examine the freight task out of Port Kembla to ensure that the anticipated increase in freight traffic is supported by the necessary improvements in road and rail infrastructure.

Recommendation 13. That the NSW Government consider the feasibility of expanding rail infrastructure into Port Kembla, including consideration of the Maldon to Dombarton line, in conjunction with the AusLink program.

The NSW Government response to these recommendations was less than positive,

however, the need remains to reduce rail congestion with Sydney and to ensure that as Port Kembla expands, the rail system can move increasing freight tonnages. The Maldon-Dombarton rail link is a 35 kilometre partly completed link. It was started, with enabling legislation, in 1983 by the Wran Government to improve rail access to Port Kembla. During the 1980s, the following work was done:

- a. Environmental impact assessment plus design and documentation.
- b. Construction and ballasting of over 25 kilometres of right of way from west portal to the boundary of Water Catchment near Wilton.
- c. Construction of approach viaducts in 1984-85 to Nepean River Rail Bridge.
- d. Installation of plant and site works, environmental control measures, start of tunneling at Avon tunnel on east portal and construction of west face of portal. The Avon tunnel contract was cancelled by the Greiner Government in mid 1988.

In considering completion of the Maldon Port Kembla Rail link, the following factors are relevant:

The growing rail congestion in Sydney metropolitan region, with freight train curfews.

The planned expansion of Port Kembla.

It could be used for passenger trains.

The slight risk of potential failure of the Waterfall -Thirroul line.

The somewhat slighter risk of potential failure of the Moss Vale - Robertson line.

The rail project is half completed.

Easier paths for coal and other freight trains.

Support of the Port Kembla Coal Terminal, and (qualified) Illawarra Coal (BHP Billiton)

It would tie in well with the Wentworth Route as outlined in 3.1 above, or parts thereof.

Re coal trains - the Maldon Dombarton Rail Link would provide significant distance savings for Tahmoor Coal to Port Kembla with a rail distance of 72km. This compares with 118km via Moss Vale, or 175km via Enfield.

The movement of coal trains from Lithgow on the Western line proceeding through Enfield is congested and subject to curfews. As well, loaded coal trains bound for Port Kembla have to climb the steep Como bank to Sutherland with a distance of 101km from Granville to Port Kembla. With completion of Maldon - Dombarton, by use of the triangle with the flyover at Granville the distance from Granville to Port Kembla is 109 km. Such movements would be further facilitated by construction by 2009 and now under way of the South Sydney Freight Project by the Australian Rail Track Corporation at a cost of \$192 million.

It is noted that the Australian Rail Track Corporation's South Sydney Freight Project and related work will improve separation between freight and passenger trains. However, there is a need to look to the next stage. This could well include completion of the Maldon Port Kembla railway to get some freight trains out of the inner west and off the Hurstville - Sutherland (another congested double track section, and with steep grades).

## **6. Comment on external costs**

The increased attention to external costs in the 2008 Revenue Report and the Fares Report is noted. This includes air pollution, where RailCorp estimate of \$71 million for 2006-07 and CRAI's estimate for that year of \$109.1 million (such precision) for that year compares with one by this writer in his 2007 submission of \$51 million. This was a conservative estimate based in part on data provided by The Bureau of Transport and

Regional Economics (BTRE) in a 2005 Working paper *Health Impacts of transport emissions in Australia: Economic costs* and a 2003 BTRE paper (*Urban pollutant emissions from motor vehicles: Australian trends to 2020*). In turn, this led to a finding (Laird, *Revised Land Freight External Costs In Australia*, Australasian Transport Research Forum 2005), that the average health cost of air pollution from operations of cars (and other small passenger vehicles) in Australia's capital cities is 1.3 cents per vehicle kilometer; also the average health unit cost for within Sydney is 1.6 cents per vehicle kilometre.

It is considered that RailCorp is correct to include estimates for the cost of Noise Pollution, Accidents and Road damage (wear and tear); also, it is unclear from the IPART Revenue Paper (starting page 57) why CRAI had omitted estimates for such. Road crashes or accidents are avoidable, and no convincing case has been made that the cost of all road crashes are covered by insurance. Elsewhere (in the 2005 ATRF paper cited above and available at patrec.org) this writer has suggested that roughly one half of the total cost of society of road crashes is covered by insurance payouts. If the cost of congestion caused by road accidents is removed, then about 40 per cent of the total costs of road accidents on data now some 10 years old, is not covered by insurance payouts.

Thus, inclusion of road accident costs avoided by use of CityRail is supported and it is possible that their estimate is conservative. It is hard to see why Road damage is so low at about \$3.7 million. In addition, estimates of the savings resulting from an improved rail system to defer road capacity augmentation should be included.

The list given in Table 7.1 and 7.2 should not be regarded as complete. In this regard, the Tribunal is referred to default values given by the Australian Transport Council in its 2006 Guidelines for Transport System Management. The default values are of interest on two counts; one what is regarded as an external cost, and secondly for the estimates thereof.

## **7. Comment on road pricing**

The Bureau of Transport and Regional Economics (BTRE) in its 2002 Report No 105 *Greenhouse policy options for transport 2020* considered land transport, with some 11 groups of measures to reduce vehicle kilometres traveled. Optimal road pricing was held to offer the best way forward.

This view was shared by the Parry Inquiry (NSW Ministry for Transport, 2003) that noted, inter alia (p72) "*The thinking underlying the support for road use pricing is that road access is currently 'too cheap' (as distinct from the general cost of motor vehicle use), as motorists are not directly bearing all of the costs associated with their decision to make a journey. For example, driving a vehicle is associated with costs such as congestion, road wear and tear, pollution and accidents.*"

The Parry Inquiry (loc.cit, p 74) also noted "*Currently, public transport is disadvantaged compared with private transport by a range of taxation (for example, the fringe benefits tax), expenditure and other policies that encourage private transport use. As a separate issue, and irrespective of the decision made regarding road use pricing, those policies that distort decision making in favour of private transport should be reviewed to ensure that public transport is not disadvantaged.*"

Improved road pricing to remove large hidden subsidies from motor vehicle operations (cars in major cities during peak hours and articulated truck operations) is necessary to improve demand management. One approach is given by the Railway Technical Society of Australasia (Submission #186 to the House of Representatives Environment and Heritage Committee's inquiry into Sustainable Cities whose 2005 report and seven transport recommendations are commended) which proposed a ten point transport pricing plan along the following lines.

- i. Re tolls
  - A. remove toll rebates in Western Sydney, which is a costly scheme to administer.
  - B. reinstate tolls at Berowra and Waterfall, with the proceeds being used to expedite long-overdue improvements of both the Pacific and Princes Highways.
  - C. ensure that the Mitcham - Frankston motorway is built as a toll way.
- ii. Remove the Queensland Fuel Subsidy Scheme, at least from South East Queensland.
- iii. Impose a congestion charge for access to the Sydney and Melbourne CBDs. It works well in London. And/or impose an environmental fuel levy for motor vehicle use in the Greater Metropolitan Areas of state capital cities and Canberra.
- iiii. Restore fuel excise indexation, with the additional revenue going into improved transport infrastructure. To ensure best use of funds, replace road funds (as enjoyed by the NSW Roads and Traffic Authority) by transport funds (as per Western Australia, New Zealand and as proposed under AusLink).
- v. Ensure that the further determinations of heavy vehicle road user charges by the National Transport Commission recovers - at least the populous zone - the full road System costs from heavy articulated trucks, B-Doubles and road trains. At present, these vehicles are cross-subsidised by other road users. Ensure that additional revenue is directed towards not only National Highway System maintenance (to compensate for changes under AusLink), but rail track and improved intermodal facilities.
- vi. Increase annual registration fees for the heavier four wheel drive vehicles.
- vii. Support the recommendation of the Productivity Commission from its 1999 Inquiry into Progress in Rail Reform into an inquiry into road provision, funding and pricing. Also have the Productivity Commission examine urban transport.
- viii. Increase rail fares, with all proceeds going into a better rail system.
- ix. Improved land transport data, with publication of accurate, comprehensive and up-to-date information on all modes of transport, with details of energy use and greenhouse gas emissions.
- x. Ensure that major airports and seaports are not in receipt of hidden subsidies.

## **8. Airport link services**

One area of service where appreciably higher Sydney urban fares are now under trial is travel involving the use of any of the two airport stations and two nearby stations

(Mascot and Green Square). The higher fares, coupled with other factors, have resulted in patronage being well below expectations. Other factors include:

a) The ongoing lack of purpose built 'user friendly' rolling stock to operate between the two airport and nearby stations, and, central and city loop stations.

By user friendly rolling stock is meant single decker carriages with luggage platforms near doors.

The use of such trains, together with the option of using regular East Hills/Macarthur trains (albeit packed with people at peak hours) would assist in building patronage. The cost of two or three such four car sets would be small compared with the costs of the new stations.

b) The relatively limited and small signage at both airports be changed to indicate that there is a train option, how good it is, and where it is. How good it is would include guaranteed maximum waiting time (eg. trains every ten minutes or in the case of the Brisbane line, every 15 minutes for much of the day).

c) The limited and small signage at Central and City Loop stations.

d) There is little encouragement for people from the South Coast and Cronulla lines to use the train to the airport, because most trains from these lines do not stop at Wolli Creek.

The airport train has higher fares and as above limited patronage. Indeed, the Sydney Morning Herald for 17 July 2008 notes a submission re Federal aviation policy with a headline "Airport bus and train links 'dismal'" Any suggestion that if people pay more for rail fares will be rewarded with a better service is countered by the airport line.

It is less than pleasing to find increases in airport station charges that are apparently not subject to independent review.

## 9. Summary

This submission suggests that a major fare increase needs further justification and should not apply at this stage to services on the South Coast line and to services to the Southern Highlands. The submission also suggests that the perceived cost of using cars is too low, and that a quantum increase of investment in urban and intercity rail track is required to develop a Sydney rail system that is 'fit for purpose'.

However, it is submitted that there should not be a substantial increase in rail fares until there is a demonstrated commitment to improve urban public transport and upgrade and extend rail track as well as addressing the important issue of road pricing.

Attention is also invited to the equity consideration of expecting regular rail patrons to bear the cost of rail fare increases when holders of concession cards are not expected to pay more.

Data was presented to show that with one exception, peak hour rail journeys of about 70 km in length with Sydney as a destination are appreciably slower than those train 70 km train journeys to Melbourne, Brisbane and Perth. Victoria's Regional Fast Rail that was commissioned during 2006 following track upgrades and new trains is also commendable. The improved service has resulted in a 30 per cent increase in patronage within a year to 2006-07. Interurban services on two Queensland lines already offer good transit times, and recent work has improved mainline track capacity to offer more train

services to the Gold Coast. New West Australian interurban train services that were introduced in December 2007 from Mandurah to Perth have set a benchmark for Australia.

The South Coast line is identified for special consideration in the submission because of reasons including the need for the train timetables to be speeded up to at least pre May 2006 running time standards, and, a perceived need to assess the adequacy of track capacity on the existing South Coast line to support additional Cronulla - Sydney and South Coast passenger services along with freight trains. Services on the Southern Highlands are also in need of improvement before fare increases are approved.

**APPENDIX A** Letter from Mr Ron Christie – Coordinator General of Rail , Office of the Coordinator General of Rail to the Hon Carl Scully, MP Minister for Transport, Long-term Strategic Plan for Rail: Greater Sydney metropolitan region, Overview report, June 2001

### *A pragmatic and integrated plan*

#### **The Long-Term Strategic Plan for Rail is long overdue.**

In contrast to the attention paid to road network development needs in recent years, there had not been a detailed and comprehensive examination of the needs of the greater metropolitan rail system since the former State Rail Authority was split up in 1996. As a result, planning was undertaken on an independent basis by Rail Access Corporation (now part of Rail Infrastructure Corporation) and the State Rail Authority, rather than in unison.

Further, it is generally acknowledged that by its very nature the Government’s 1998 transport strategy *Action for Transport 2010* was not able to “drill down” to the level of detail required to fully analyse what was (and is) needed to achieve an efficient and effective metropolitan rail system.

The *Long-Term Strategic Plan for Rail* seeks to redress these deficiencies by **setting out, with expressly acknowledged assumptions and clearly argued justifications, a comprehensive programme of short-term, medium-term and long-term operational, infrastructure and rolling stock changes to the metropolitan rail system.**

In doing so, it should be regarded not as “the final word” but rather as the *starting* point for ongoing strategic planning. For example, the timeframes for individual projects are based on the best advice on likely future patronage growth patterns available at present, but will need to be continually reassessed in the light of (for example) changes in land-use and employment patterns and changes in the economic climate.

The *Long-Term Strategic Plan for Rail* recognises **the importance of State Rail’s taking a more proactive role than in the past in indicating its requirements for the future** – both as the sole operator of suburban and intercity passenger services in the metropolitan region and as the organisation now legally responsible for the timetabling and control of all passenger and freight train movements on the metropolitan rail network. With State Rail providing the necessary guidance, initially through this *Long-Term Strategic Plan for Rail*, Rail Infrastructure Corporation will no longer be left to “second guess” what its future requirements are.

Similarly, the development of the *Long-Term Strategic Plan for Rail* provides **an**

**opportunity for the Government to guide the private sector in more productive directions**, by making it clear what the overall requirements for the metropolitan rail system are. In this regard, valuable lessons have been learnt in the late 1990s concerning the importance of ensuring private sector projects deliver what is actually required for an efficient and effective rail system, rather than being developed almost in isolation from these requirements. If a summary of the rail system requirements and responses set out in the *Long-Term Strategic Plan for Rail* were publicly released, private sector organisations submitting ideas for new rail infrastructure etc would be much better placed to put forward proposals that are likely to prove acceptable and attractive to the Government and the rail agencies.

### *Some changes in priorities*

As already indicated, the starting basis for the *Long-Term Strategic Plan for Rail* is *Action for Transport 2010*. The *Long-Term Strategic Plan for Rail* builds on this foundation by specifically addressing:

- The best ways of achieving the regional and corridor transport objectives established by *Action for Transport*, and
- Issues which were largely beyond the scope of *Action for Transport*, including, in particular, rail safety and reliability issues and the rail system's critical capacity constraints.

In some instances the new analyses, using a range of projections for the most likely growth in rail patronage on different rail corridors, now point to **a reordering of priorities, with a greater emphasis on reliability and capacity improvements before some (but not all) of the more ambitious projects proceed.**

For example, the original objectives of several *Action for Transport* projects will simply not be able to be achieved unless capacity-enhancement projects in other areas already subject to severe congestion, especially the inner city, are completed first.

### *A longer-term conceptual framework*

At the same time, the new analyses have permitted the development of **a more coherent long-term view** of a possible "ultimate" form of a greater metropolitan rail system, serving the multiple social, economic, employment and educational access and other transport needs of a metropolis of (perhaps) six million people.

This provides an essential long-term but non-prescriptive context for all rail development proposals, in much the same way as long-term regional and corridor plans have guided road network development over the last 55 years.

Just as vital road corridors have been reserved in the past, there is now **an urgent need to take action to protect future rail corridors**, and especially the corridors identified in alignment studies for new rail lines required in the next 10-20 years, through planning controls, land acquisitions and other measures.

### *Choosing the most appropriate mode of public transport*

The *Long-Term Strategic Plan for Rail* focuses heavily on the transport tasks most suited to heavy rail – for passenger transport, the movement of large numbers of people at comparatively high speeds.



In doing so, however, the *Long-Term Strategic Plan for Rail* expressly recognises that **in many situations other public transport modes, including road and “transitway”-based buses and light rail, are more suitable**, especially when relatively small numbers of people are involved.

For example, in the case of several of the possible new longer-term rail corridors in suburban Sydney the *Long-Term Strategic Plan for Rail* suggests that other modes should probably be used at the outset, with rail modes being adopted for a corridor only if and when the much higher speeds and capacities of heavy rail become important or when constraint such as road congestion prevent buses from fulfilling their transport tasks.

In short, transitways and other “feeder” bus services will serve a vital role *in combination with* heavy rail.

The *Long-Term Strategic Plan for Rail* also expressly recognises **the importance of easy inter-modal and rail-rail inter-changing**. As the metropolis develops, the amount of interchanging required will inevitably increase, although rail operation studies suggest that even in the long term rail-rail interchanging should be able to be minimised for the most heavily trafficked routes.

### ***Innovative approaches***

A range of “non-traditional” options for enhancing the capacity, performance and safety of the metropolitan rail system have also been examined.

With the *Long-Term Strategic Plan for Rail* makes it clear that there are no “magic-bullet” solutions, as has sometimes been claimed, a series of investigations and pilot installations are recommended, and several of the options, including communications-based signalling and new “metro”-style railway lines operating independently of the existing rail network, are identified as having potentially important benefits, especially in the medium to longer term.

### ***The critical issue of capacity constraints***

**Probably the most important single aspect of the *Long-Term Strategic Plan for Rail*, however, is its clear identification of the seriousness of the looming problem of severe capacity constraints on the metropolitan rail network.**

This problem reflects the fact that in the last 50 years there have been almost no track amplifications – the equivalent of road widenings to provide extra traffic lanes – on the metropolitan rail network.

This means all types of services – fast and slow, and to and from a wide variety of locations via a wide variety of routes – are forced to share the same overcrowded tracks, with few if any overtaking opportunities and with major congestion at the routes’ numerous junctions.

**The system is rapidly approaching gridlock.** This is already manifest in the extreme day-to-day sensitivity of CityRail services to even the most minor of disruptive incidents.

The *Long-Term Strategic Plan for Rail* sets out a detailed program of changes in

rail operating patterns and essential capacity – enhancing works for the next decade, with another prime objective being to restore the physical separation of different types of CityRail services in order to improve on-time running.

This program of works is essential *regardless* of whether a communications-based signalling system – sometimes presented as an “alternative” – is adopted.

But the *Long-Term Strategic Plan for Rail* also makes it clear that **by between about 2011 and about 2015 the relief provided by these corridor-based enhancements will be effectively exhausted and a new rail route** through the inner city and the CBD, between Eveleigh and St Leonards, will be essential. Again, this conclusion applies *regardless* of whether a communications-based signalling system is adopted.

In essence the situation now is analogous to that before the Eastern Suburbs Railway was built in the 1970s. By providing a new route through the inner city and CBD, the Eastern Suburbs Railway provided vial relief for the City Circle and the North Shore lines through the CBD, but this capacity relief will shortly be completely used up, even with all the capacity augmentations proposed for the next ten years, and another additional route through the CBD will once again be required.

Initial investigations into the new route are now underway. Once the route and staging options and their operational implications have been identified, a relatively early decision will need to be made by the Government, as a lead time of at least ten years is likely to be required before construction of even the first stage or stages could be completed.

**Because of the complexity of almost all aspects of this project, it will be essential to start serious planning for this new line immediately.**

## **APPENDIX B      Transport a challenge for the new NSW government**

Track and Signal April May June 2007 p 42 and 44

By Dr Philip Laird (Faculty of Informatics, University of Wollongong)

The new government in New South Wales election on 24 March will have a real challenge in setting new direction for a sustainable transport future for Sydney’s Greater Metropolitan Region.

Regional New South Wales will also need attention.

During 1955-56, the NSW Railways moved 280.5 million passengers. Fifty years later in 2005-06, RailCorp moved 275.4 million passengers. **Although nearly 2 per cent less than the mid 1950s, 2005-06 was a good year for rail passenger numbers.**

As noted by the Richmond Report (*Review of Future Provision of Motorways in NSW 2005*) Sydney’s population has close to tripled over the last 50 years.

During this time, there has been a strong growth in car use. Since the early 1990s, no fewer than 7 tollways (starting with the M4 in 1992 and including the Lane Cove Tunnel) have been built along with the M5 East Freeway.

Despite the expansion of population and roads since the mid 1950s, there has been very limited expansion of the rail system. The City Circle loop was completed in 1956, the East Hills line finally reached Bondi Junction in 1979, the East Hills Glenfield link was completed in 1988 and the Airport Link in 2000 in good time the Sydney Olympic Games.

A light rail opened in 1997 from Central station to Wentworth Park and was extended in 2000 to Lilyfield. It could be usefully be extended further.

The amenity offered by each of these schemes is beyond measure and add value to Sydney as a place to live and work.

However, we are much poorer in that Bradfield's 1932 design to extend Sydney's rail systems was never realised.

This included a railway from North Sydney to the Manly area - it did not proceed.

Later plans for a full Eastern Suburbs railway to include a stop at the University of NSW were also found to be too hard.

In addition, during the past seven decades, only 13 kilometres of railways have been built in Western Sydney. During this time, the population of Greater Western Sydney has grown five fold to about 1.8 million people, and the area is now home to one in 11 Australians.

In 1998, the Carr Government made a firm commitment to invest in a 2010 Action for Transport Plan. This included a railway from Parramatta to Chatswood railway with the Epping - Chatswood section due to open in 2008. Thus, the legacy of the Carr Government is very much seven tollways and half a new railway.

However, the Action for Transport 2010 statement also included a long overdue Hornsby Newcastle rail upgrade with Stage I by 2007 and a Waterfall Thirroul upgrade by 2010 with a major tunnel and Epping to Castle Hill by 2010.

Yet real work is yet to start on just one of these three major rail projects. Ideally, the tunnel boring machine working the Epping – Chatswood railway would be moved on to one of these rail projects. Or even to Epping - Carlingford, leaving a direct connection to Parramatta for later.

The lack of new railways, coupled with an aggressive tollway and freeway expansion programme has seen the distance driven by people in cars each year increase - far faster than population growth.

The cost of the excessive automobile dependence in Sydney alone includes over \$1 billion of health costs due to mortality and morbidity (premature death and impaired living) each year due to motor vehicle emissions.

This external cost is exceeded by congestion costs. Along with high road trauma costs, Sydney's road vehicle use is now responsible for about 12 million tonnes of greenhouse gas emissions per year.

Transport policy is not just building infrastructure or getting the private sector to

build it, but it is also about pricing. Road pricing needs to cover not only road system costs but also the external costs.

The need for improved road pricing as well as better cost recovery in public transport was recognised in the Sustainable Transport by Tom Parry commissioned in 2002 by the NSW Government. Both the Carr and Iemma Government to date have failed to adequately respond to this report.

As a result road pricing is not being used as either an effective road vehicle demand management instrument or a generator of much needed transport infrastructure funds. In addition, the Federal Government continues to encourage excessive automobile dependence through generous tax concessions and road funding.

Elsewhere the point has been made that Sydney will not remain a world class city with a second class rail system. The task of its extension and moderating road vehicle use is now beyond that of the NSW Government and a much more positive attitude is required from the Federal Government towards urban public transport.