

Blue Mountains Commuter & Transport Users Assoc.Inc  
Ref IPART Inquiry 2008.  
21<sup>st</sup> July

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To Mr James Cox.  
Chief Executive officer  
Independent Pricing and Regulatory Tribunal  
Level 8 1 Market Street, Sydney

Dear Sir.

I wish to congratulate the Tribunal on behalf of the Members of the Association to delivering an all-embracing Inquiry. They do set a challenge to the Association to address all of the issues raised and the questions asked.

We will address these to the best of our ability but feel that there are many aspects to the discussion papers that we may raise as the year progresses.

There are two parts to the submission the President's submission Mr Ed McKenzie and one by the Secretary Paul Trevaskis there may be an overlap but I felt we must address the various issues and subjects that were raised in the Papers...

**Comments on the Discussion Paper Deciding on the Structure and Level of Fares.**

The Association notes that there is a Performance Agreement between Government and RailCorp. This agreement should contain the agreed Service Standards as stipulated in the Customer charter.

**Ref. Page 7 paragraph 5 System Capacity**

The Association has researched for some period of time and acknowledged by RailCorp that the Western Line has reached capacity to the extent that the only method the Association believes is to provide regional services example Blue Mnts - Granville as support services to the Regional Centres that are being developed by the State Planning Authority.

**Ref Page 9. Answers to Questions.**

The separation of Off Peak and Peak services has the following difficulties...

- The Off Peak and Peak service separation appears to negate a 24 hr service approach Concentration on Peak Hour service even an important aspect of services appears to take attention off other services
- Off Peak and Peak Services are being used by Shift Workers, Students Social and the other reason for travel this we believe put the question Is the Peak Service definition appropriate
- The Service used may be Peak in the A.M and Off Peak afternoon, and an Off Peak in the A.M and return in the Peak This must lead to the assumption the peak fare is calculated on arriving at Sydney CBD before 9.00 A.M See President's moment re shift to off peak page 2. question 7
- The question to what methodology do we use for setting the fares is complex observe the fare structure appears to target Peak Fare Commuters arriving before 9 A.M Sydney CBD. Then the we have to discounts on Periodicals, Travel Passes, City Hopper, Day Tripper, Sydney Pass and Blue Mnts Explorer not

(This ticket is not available on Local route Buses) just what criteria for discount fares should be reviewed for the new T card.

- The Association wishes to note that Travel Pass and City Hopper are not available past Emu Plains
- The Peak Hour we wish to note is not defined in the Reverse Peak and we must point out is a Sydney CBD ticket to Parramatta in the A.M Is this a Peak Hour Fare ?
- As pointed out by the President the growth of Regional Centres the increase in patronage resulting from Peak Oil Pricing will have effect of patronage.
- What IPART appears to have missed is the potential demand lost through the Upgrading on Weekends This loses patronage on weekends unreliable services or length of journey etc the Weekly services are losing patronage through the experiences the customers have on weekends
- If ticketing prices are to be considered the Government has to finalise the Concessions Review plus the understanding that there is a Social disadvantaged due to low incomes being experienced who are not eligible for the \$2.50 ticket The Association which to point out that this has to be addressed so access to public transport is limited with a n unaffordable pricing structure More information is required on this issue.
- The question of a constant discount regardless of distance travelled the answer is yes as on the Western Line we will see travel patterns change due to Regional Centres Parramatta to Lithgow and in between.
- The constant 20% discount should apply and with increase in marketing of services station staff to deliver tickets, and other marketing tools Tourism and Integration with bus services should be considered. Getting the Community to accept public transport as the alternate to the car is the challenge. The Association wants a positive approach.

Finally the Association accept the CPI increase over the years but find at this stage it would not be acceptable given the present political situation in addition we have not been fully informed as to what the Restructure Reforms are Staffing Standards of Service Overcrowding and Reliability *Note Cost Blow Outs Add 1*

#### **Para.4 Page 12. Understanding the Demand of City Rail Services.**

The association has been very conscious of the capacity of the Rail System in that there were very few paths available for expansion of rail services. Pinch Points Strathfield \_ Redfern, Sydney Central – North Sydney and on the Western Line Penrith – St Marys.

#### **Page 12-13 Understanding Demand etc.**

The Association's approach to this issue especially on the Western Line we suggest Regional Services on the Mountains to Penrith and Services to Parramatta Granville and return to supplement the CBD Direct services We were disappointed that the Parramatta Chatswood proposal that could have given access to the I T. Crescent at Macquarie Station precinct. The other approach is the proposed Sydney CBD – Parramatta Underground.

#### **The different markets for City Rail services Page 13.**

The Association has been aware of the different markets especially as were expanded from pure Commuter aspects Blue Mnts to Sydney and return, changes to destinations 24 hr service requirements multi reason for travel etc.

The question is of City Rail is it prepared for increase in patronage from peak oil, congestion, pricing of tickets etc The Association is endeavouring to increase **3 over**

(3)

### **Different Markets etc**

Membership we have a website and produced a pamphlet to increase the awareness of the Association in other words gain information from the Community on the expectations and needs of the Community so we can offer submissions to various Inquiry s with sound base.

### **Historical trends in demand for CityRail services. Page 18**

The Association has observed after the Eastern Suburbs Rail Extension we appeared to shift the growth on the City Circular from St James and Museum to Town Hall Thus with the growth has been felt at Town Hall Station. We suggest more frequent services between the Turn back at Macdonald Town to Circular Quay and return We are aware of a Town Hall Station extension and the what was a proposed Metro West Underground Systems but construction is not evident.

### **Crowding on trains page 20**

Not sufficient carriages six car trains. The Association endeavoured to point out at the time of the withdrawal of the Tulloch Cars the fleet would have six car trains as these cars were part of the eight cars The new Millennium was to replace the Tulloch but these cars were not compatible. The extra services being provided at present are being provided from the transfer of Tangara consists to suburban services as the Oscars are being delivered.

*Impact of peak demand page 23 Refer to Understanding Demand page 12*

**In regard to demand the Association has observed that on each change of Governments we have seen various Plans proposed by each Government various restructures plus various Authorities that are part of the Government Ministry the resultant outcomes have not increased the rail system capacity.**

*The Association is extremely interested in what spare capacity the rail system has to meet the present forecast demand of 2.5 %*

*Has RailCorp the capacity to meet this demand in 2008-2009 2009-2010.*

*It would be interesting if RailCorp would deliver the following information.*

- *The demand on each Sector the capacity of the system to meet this demand? That is track paths the number of services that will be required on each services? that is the number of trains to cater for demand (Actual figures are requested)*
- *What increase in services that will be obtained from Clearway programmes?*

### **3.2 Is improving the fare structure etc**

The answer to the three comments on page 28 is yes.

**I wish to make one point that has been made by members is in the Off peak service the dwell times and running times are the same as peak Faster Services could be obtained if the running times were adjusted accordingly**

#### **3.2.1 Promotes economic efficiency of rail services Page 29**

Differential Pricing Policies between Off Peak and Peak services is precarious as the same Infrastructure is used in both cases The re is the need for maintenance of the Infrastructure Track Signalling etc Rolling Stock, Stations Training etc.

There is also the opportunity for RailCorp to market the Off peak Services for the use of the rail system to Regional Area such as Parramatta and Penrith, Hurstville RailCorp should promote the use of the bus and ferry system as an integrated system thus the need for this cancelled T card project. **Over 4**

(4)

**Encouraging a shift to from peak to off peak Page 36**

The points made on this page is agreed to and we support them.

**3.4 What should IPART etc See previous comments.**

**3.4.2 What time limits should apply to Off Peak tickets Page 38**

This is impractical as it limits the viability of use of the system and as it has been experienced with 'U' stops Outer suburban Services difficult to police and manage. Time based is also difficult with medical, social events, educational etc as they are very variable.

**IPART seeks comments on the following, page 39**

Perhaps RailCorp should concentrate on marketing products such as Travel ten, City Hopper 3 day passes and become more inventive with ticketing in outer areas and the Intercity services for Tourism opportunities.

Once again, a need for review of ticketing services for T card is opportune before IPART decides on ticketing products discounts etc we still do not know what the charges will be on the T card.

**The Pensioner Excursion Ticket. Page 47**

The \$2.50 ticket We wonder with the ageing population is increasing we wonder how long the Government can continue to subsidize the ticket also there are lower income social groups that should be considered.

IPART comments on page 47 Re-subsidy issues between tickets products. If we getting into this area Are we creating an issue that the Community has not appeared to be very concerned. This does not happen in other retail areas.

**Flag fall should only occur on the initial service whether it is bus rail or ferry.**

**Another issue is "Break of Journey " RailCorp should agree to this feature as the use of the motor car allows Break of Journey**

**Fringe Benefit Tax should be allowed for the use on the public transport system the cash back on the M4 is another support system for the use of the car that is not conducive for change to public transport.**

**The Airport Link demonstrates how a fare system does not attract as many customers Two people with luggage can travel by taxi cheaper.**

**Zone Based Fares versus Distance Structure.**

The Association suggests that the T card Committee should produce for the Public Consultation the two types of tickets systems that will be used on the Tcard Distance based or Zonal Based The public should have the information as there is a little distrust on this subject.

Social Impact of fare determinations.

The Association is endeavouring to obtain data concerning the use of rail, income etc to make nay formal statement at this stage.

(5).

**Comments re Determination and How it will be funded.**

**In this book, we have found the period has been extremely compressed to enable us to address all the points raised. I will endeavour to address the issues as follows.**

The fare system is to be IPART's Role the subsidy system is to finance by the Government, as it is a Government Policy as revealed at each Election period.

The Association agrees that RailCorp should have an auditing system that ensures financial responsibility of all divisions including Infrastructure Corporation City Rail Country link as the customers rely on the whole system to deliver the rail transport need of the Community of NSW

The Board should take the full responsibility of RailCorp in delivering the service.

The Association is very concerned that there are cost overruns that are very substantial and the system should be improved to reduce these costs It does not make sense for the Community to agree to fare rises when the cost blow outs are far in excess of the revenue collected by City Rail & Country Link.

**Page 23-24 Building Block Approach Agree as previous submission**

Page 24 The operating and maintenance approach.

The Association suggests that RailCorp should introduce an Auditing System that is independently audited by a Quality Manger that is responsible direct to the Board. This is to ensure the Service Standards are being meet by all Divisions of RailCorp this includes Rolling Stock, Perway, and Ticketing Depots etc this is surely needed to ensure the dollar value to the Community is assured.

I was intending to suggest in accordance with Australian Standards 2009 but the Ferry Corporation was accredited but this did cause me to wonder if the Accredited was functioning when we observe the major failures n the ferries.

The question is if a Corporation has major defects, accidents or other failures should accreditation been removed in such circumstances This raises the point what accreditation systems should be employed to ensure Quality of Service is maintained too the customer and when such Accreditation is removed or given a lower classification?

**Ref Page 37 Refurbishment of Tangaras**

In the Auditor General's Report Performance Report SRA Tangara Contract Finalisation on page 38 we note that chemical reaction has occurred with the windows have a fogging effect which over time, may make windows entirely opaque.

When you compare these windows with other rolling stock there is a remarkable difference this means that the present windows will have to be replaced up to third of the carriage will have to be treated for this feature. The seating in the present carriages has been changed over time the original seating was very hard with a hard insert to avoid vandalism Very hard to sit on and uncomfortable The Contract conditions will have to be insist on improved seating and the windows fully replaced. Cost of the project should be closely monitored as the original contract price blew out from \$543 million to \$867 million

There is no reference to the Refurbishment of the present Intercity Cars This will be another cost and the situation in reads to the Loading Gauge beyond Springwood to allow the use of the present Oscar configuration to Mt Vic. The future longer distant services will have to be addressed as there is a requirement for a new Intercity Carriages **Over 6**

(6).

The Association was not impressed when 11 carriages were withdrawn because of corrosion problems were found as mentioned in the Presidents report attached. P[age 3. The Association believes that RailCorp had not taken the skirts off for some time. (The RAAF 707 aircraft served the Service well as Qantas Engineering would strip the whole aircraft down replace wiring etc etc we believe RailCorp could learn from the Aviation Industry and this save the Commuters money).

We request IPART establish what rolling stock is still under lease as mentioned in the 2005-2006 Annual Report page 67 establish the following.

- The annual cost to RailCorp.
- Is the cost amortised over the period of the life of the cars.
- Is Citibank the lease?
- As the PPP trains are brought into service will the cost of the lease reduce as each 8 car set is withdrawn from service?

Why are we interested we are told the Commuters are being subsidised by the non users but when the considering the costs that RailCorp has that we do not control it becomes a bitter pill

The Association finds it very difficult to accept increases in fares when the financial management is not efficient and the ICAC finds major concerns. This is not first time 1996.

There are other aspects of the Inquiry that are contained in all five documents we wish to consider also the recent revealed Cost Overruns on the Epping Chatswood Line which has restrictive components on it, the Air Port Line pricing, are a few  
Therefore, I submit this in good faith for the Tribunal to consider we would appreciate a place at the table for discussion or comment from the tribunal on any matters the Tribunal wishes to raise  
Thanks again

Yours faithfully

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*Paul Trevaskis*



A reasoned solution to this problem as interpreted by the membership of the BMC&TUA is given in this submission. The management of City Rail has over the years acted to implement many changes to accommodate the rapidly increasing demands for the services of City Rail. But these introduced changes have only served to provide a brief interlude or have acted to postpone the necessity to fully address this long standing problem. City Rail's management for reasons apparently known only to themselves have apparently opted to initiate short term resolution actions. It is considered that this approach falls into the category that corresponds to the definition of crisis management techniques. Crisis management techniques are satisfactory for managing an instant problem by providing the required instant answer or method of control available however, these crisis management techniques never seek to identify the actual cause of the problem being managed. They only serve to camouflage it.

The BMC&TUA Inc has continually raised the necessity for the management of City Rail to apply some lateral operational thinking to arrive at an acceptable solution to the problems of achieving a uniform passenger density and reducing the operational limitations contained within the existing rail configuration namely the presence of the rail traffic bottlenecks and periods of high passenger densities. This association fully recognises that the current program by City Rail of introducing turn backs and clear ways into Sydney Rail service is a very positive step for the future operations of City Rail. This association considers this project to be a practical example of applying management techniques to determine the initiator of a problem and having identified the initiator a management approach has been designed to address this situation. But this turn back and clear ways approach will not address the limitation effects attributed to the near operational saturation of the rail system and the compounding effects of the rail's configuration bottlenecks or high density passenger loadings for the CBD.

This association considers that the answer to these problems of non uniform passenger densities, near total operational capacity and the restrictions on rail traffic flow caused by having bottlenecks in the system rests with the concept of establishing Regional Growth Centers. If this policy is correctly managed it has the potential to address the problem of non uniform traffic loading for City Rail and the limitations in the system due to the presence of bottlenecks. It is reasoned that the establishment of these Regional Growth Centres for the Greater Sydney region will in the longer term serve to significantly reduce the numbers of passenger seeking to travel to the CBD of Sydney. This will act to reduce the numbers of services required over a relatively short time period and inturn will reduce the rail carriage destiny travelling towards and away from the CBD. There are significant advantages associated with this NSW State Government policy of acting to establish Regional Growth Centers and these are presented in the body of this BMC&TUA response.

Another factor that must be address by IPART before any final funding formulation is derived is the administrative costs associated with the provision of Sydney's rail services. It is well known fact that in any large organisation errors or as frequently termed 'organisational misadventures' do occur. These organisational misadventures do cost money and this directly impacts on the administrative cost for the organisation involved. In recent times as the customers of City Rail we have seen considerable expenditure of the integrated ticket concept and this project has been on going for many years. It would be a welcome disclosure to know just how much funding has been wasted on this project so far. In addition we have noted other 'organisational misadventures' associated with the automatic ticketing machines. There has also been the ongoing track work conducted in the region of the Lithgow tunnels. The BMC&TUA has been informed that this extend track work in the region of the Lithgow tunnels is necessary to correct the work performed a number of years ago by a private



contractor. In addition there has been the recent removal of some of the intercity V sets due to the development of corrosion in the carriages. The BMC&TUA has been informed that the cause of this corrosion was due to the contractor using paint to separate two electrolytic dissimilar metals. It is a well understood fact that paint is not a satisfactory insulator for the insulation of electrolytic dissimilar metals, yet this situation was never corrected or even identified. The result has been the disposal of seven expensive carriages for intercity use. Another aspect raising questions is the actual operational costs associated with the many restructures of the City Rail organisation. Further the costs associated with the PPP agreement for the Airport link. Based on this information the BMC&TUA believes that before any final funding formulation is determined for the funding structure for City Rail these matters associated with the operational costs of these 'organisational misadventures' must be investigated and the results factored into the final funding formulation.

This association is also convinced that a detailed examination of the public transport requirements has to be conducted on the development of the Regional Development Centers for the future structuring of City Rail and its associated operational costs.

### **Comments on Passenger Density Distribution**

The stated impact pertaining to the additional operational costs as a consequence of City Rail's distorted passenger loadings is an operational problem that is appreciated by the membership of the BMC&TUA. The suggested resolution of this loading problem via introducing staggered starting and finishing times for the employees working in the CBD is reasoned to be a cosmetic solution to this protracted problem. This non uniform passenger density loading feature has been in existence for so many years that the travelling population of Sydney considers this to be a fixture of the operations for City Rail. In some situations the management of City Rail has used this distorted loading pattern as a justification for so many of the operational problems faced by City Rail over the years that its significance has simply worn off on the population. It is understood that many years ago this distorted passenger loading densities was the instigation for initiating the 'Off Peak' ticketing discount practice. So this problem is not new however, it is agreed that over succeeding years the intensity of this problem has compounded. Currently the 'resolution fashion' for this protracted problem is for the business operations in the CBD to stagger their hours of operations. City Rail and IPART are not alone in making this suggestion. Even the NRMA has joined in as evidenced by the information published in the current NRMA publication '*Open Road*' where at page 32 in the July /August 2008 release an item is presented sub titled 'Revise Working Hours'. In this NRMA article the problem associated with higher traffic densities due to the existence of established business hours is reported as being a significant cause for the increasing road traffic density on Sydney's roads. This article by the NRMA serves to demonstrate that City Rail is not alone in regard to suffering from non uniform transport difficulties. This problem is not going to be resolved by passing on the responsibilities to the employers or business in the CBD. The referenced NRMA article stated 'Many employers are rusted to the notion of 9 to 5. The membership of the BMC&TUA Inc accepts this fact further, this association considers that it would be a more simple task to get water to run up a hill rather than to attempt to change the accepted community definition of standard business hours. Australian employers are not well know for taking any initiative in terms of employment conditions let alone initiating a completely different working methodology. The BMC&TUA membership has in total many years of industrial applied experience obtained by its membership that serves to reinforce the accuracy of the preceding statement.

The BMC&TUA is fully aware of the graphical morphology associated with the passenger density vrs the time of day.

As reported above this distribution has been frequently sighted by the representatives of City Rail to the membership of the Commuter Council to explain many of the causes for numerous transport difficulties and disruptions over too many years. For a number of years the BMC&TUA has progressed a number of train traveller's surveys. The aim of this continuing effort is to identify the travelling expectations of this region's residents. An interesting observation made as a consequence of one of the earlier surveys was that there was a discernible change in the journey's destination for the resident's of the Blue Mountains. Originally the nominated journey destination was the Central Business District. A smaller percentile nominated their elected destination as the business district at North Sydney. Another small percentile nominated regions out side of the Central Business Distract. However, this information was influenced by the nature of the traveller's employment. The trade and blue collar workers nominated in the majority, regions outside of the CBD. However, a few years later when the next BMC&TUA survey was conducted it was noted that there was a notable change in the elected journey destination this being Parramatta. Subsequent surveys have revealed that this drift towards the Parramatta region is continuing but there is now a smaller percentile now nominating the Penrith region as the elected destination.

The BMC&TUA have been studying the NSW State Government policy for establishing Regional Development Centers. Discussions held by the BMC&TUA with the City of Penrith Council has revealed the rapid development that is occurring within this region. The opinion formed from this meeting is that this policy of establishing Regional Growth Centres has a true potential to significantly impact on the choice of passenger travelling choice of their nominated journey destination in the future. Based on the information obtained by this association it is confidently stated that in the near future this region will become a very significant employment area for the residents of Penrith and the Blue Mountains. On the basis of the precenting information the BMC&TUA has initiated a series of developmental discussion with the Penrith City Council to establish an interregional transport representative network for the future. In fact actions have now been initiated by the Blue Mountains Integrated Transport Forum to initiate discussion between the general managers of the Lithgow Penrith and Blue Mountain councils to discuss inter regional transport problems. This association understands that the NSW state government is also acting to develop elected regions as growth centres such as the Parramatta and the Penrith region. This association is not very well informed as to the complete extent of the developmental progress in these other Regional Growth Centres apart from the observed change in travelling destination as identified from the association's surveys. If the trends that are evident in the Penrith and the Parramatta region are repeated in these other regions then there is every expectation that over the preceding years there will be a significant change in the chosen employment destination by the resident's of the regions surrounding these growth centres.

This association reasons that the achievable resolution to the non uniform passenger density distribution problem will be provided by the NSW State Government giving a significantly increased priority to establishing Regional Development Centres. The case to justify the preceding suggestion is that by developing these Regional Growth Centres there will be a corresponding growth in employment opportunities with in the region. It is very clear that the Sydney area cannot economically tolerate a single point of business activity such as that which now exists in the Sydney CBD. To resolve this dilemma positive and measured actions must betaken to decentralise the business and hence the employment areas of Sydney

The BMC&TUA are convinced that the resolution of this problem of non uniform passenger loadings on trains rests with the establishment of Regional Development Centres. This confidence is based on the knowledge that the establishment of these Regional Development

Centres will act to provide an opportunity for the residents in and around these Regional Development Centres to reduce their travelling time to and from their place of either business or employment. This reduced travelling time will definitely prove attractive to the residents of the surrounding suburbs. For those people who are not immediately in a situation where they will have immediate employment opportunities they will most certainly act to seek employment in these regions in preference to travelling into the CBD. Regional municipal councils could be encouraged to entice business organisation to relocate in these Regional Development Centers. This practice of municipal councils offering business inducements to locate their operations in their shire is not new. The establishment of employment opportunities in a local region will act to reduce the numbers of passengers seeking to use City Rails services into the CBD. This in turn will function to reduce the carriage traffic using these CBD lines. Reducing the passenger density will therefore reduce the necessity for increasing financial outlays by the State Government to City Rail and hence will reduce the necessity or the magnitude of ever increasing fares.

The establishment of these Regional Development Centres will also permit a change to the basic operations of City Rail. In recent times there has been a lot of discussion regarding the use of a Metro rail concept. It is indicated by the results of the surveys conducted by the BMC&TUA that once these Regional Development Centres are established there will most certainly be a dramatic change in the travelling patterns of the residents in the Greater Sydney region.

Once these Regional Development Centres are sufficiently established a Metro styled rail system could be established serving Sydney's inner suburbs. As an example on the Western Line the Metro system could commence at say Parramatta and run through the City Circle system and return to Parramatta. By having Metro multi door carriages the time required for loading and off loading passengers would be reduced so the length of time for the journey would be reduced as evidenced by the reported travelling times for the new PPP Metro line to the CBD. It is thought that shuttle services could be operated to Parramatta originating the journey at Penrith. Long distance services such as the Blue Mountains line that also functions as a Country Link service could be feed through to Central station. Shuttle services could also be used in the Blue Mountains region to provide an off peak service for passengers wishing to travel to other inner suburbs during the lower peak travelling times. However, all of this is strictly conditional on the establishment and the success of the Regional Development Centres. It is believed that the key to Sydney's transport woes and financial funding dilemmas rests with the development of Regional Development Centres.

#### **Consideration of Elasticity of Demand.**

The BMC&TUA is in complete agreement with the statement as at page 17 [reference] which states Elasticity are likely to be less in the market segments that include people with no private means of transport. . The study of the economic demographics of the Blue Mountains as reported by the Commonwealth Bureau of Statistics acts to reinforce the accuracy of this statement. This study of the Blue Mountains presents a unique economic environment. For convenience, the Blue Mountains region can be divided into three separate areas. There is the Lower Mountains region ranging from Lapstone through to Blaxland. The Middle Mountains ranging from the western side of Blaxland through to Linden. Then the Upper Mountains ranging from Linden through to Mt Victoria. Within these three separate regions there are distinctly separate economic demographics. The economic situation for the households in the Lapstone area are somewhat similar to those of the Penrith region however, as you progress further into the middle mountains the age of the population tends to become older. There are fewer people living at the nominated residence and the price of the residence is marginally less than residence prices in the lower mountains region.

A notable variation occurs in the upper mountains region is the number of people living in a house in the upper mountains region tends to be a single person. The number of private automobiles is significantly reduced in the upper mountains also. There is also a greater reliance on social support services. Past Katoomba these upper mountain regions also have a reduced number of train services. This information also reveals that the economic comparison performed by Booz & Co is not directly applicable to the Blue Mountains region. In addition the length of train journeys is greater than those reported in the Booz & Co report. It is considered that the preceding information indicates the fare elasticities as being considered are not directly applicable to the Blue Mountains region. In addition the Blue Mountains region has only one bus operator.

**BMC&TUA response to the IPART question; Should there be an off peak discount or a peak premium?**

The examination of figure 2.2 provided in the IPART document "*Deciding on the structure & level of City Rail Fares –Transport discussion paper*" presents an estimated 2,500 entries / exits per hour occurring within the morning peak distribution. In the evenings this number may be estimated as in the order of some 2000 entries /exits per hour. These figures establish that a market niche does exist for the 'Off Peak' ticketing concept. The presented graphical data as at fig 2.2 reveals that a significantly lower number of travellers use the rail service during the nominated 'Off Peak' periods. The notable development is in respect to this issue is that when City Rail lowered the percentage discount for 'Off Peak' fares, the passengers elected to opt for the peak hour services. It is considered that this experience reinforces the market for an 'Off Peak' fare system. It would be valuable to conduct a survey of the 'Off Peak' passengers to determine the reason for using the rail service.

**Considered factors in setting peak and off peak services.**

There are many factors that combine to influence the choice of travelling during either the 'off peak' or peak hour services. In the case of the intermittent traveller, the information gained by the BMC&TUA is that another person or organisation contributed the deciding factor to make the receptive journey. A number of Blue Mountain residents have had to travel during the peak hour services to attend a medical appointment in Sydney. Others have had to catch another train service that leaves before the peak hour services commence. In one specific instance a Blue Mountains couple have to travel to visit their incapacitated child who is in residential care at Woy Woy. Owing to the distances involved there is no choice about waiting for the commencement of the 'off peak' services to travel and visit their child. In another instance a mother who lives in the Blue Mountains has her children living in Newcastle and to visit her children and grandchildren she must catch a peak hour service to Strathfield and then join a Newcastle train. Passengers joining the train at Lithgow or some of the upper mountain stations for a visit to Sydney have no option other than to travel by peak hour services if they are to arrive in Sydney with sufficient time to progress their business. A number of the passengers that have been interviewed by the BMC&TUA do not terminate their journey within the bounds of the CBD. However, they are forced by the existing fare system to pay the full fare for their journey. This appears to be an anomaly in consideration of the stated justification for establishing a full fare system.

The current system for controlling the inflation problem is by having the Australian Reserve Bank to raise the level of interest is yet another complication to be considered. It is understood that the justification for using this technique is to reduce the amount of surplus moneys held by the Australia economy to control the rate of inflation. This technique significantly impacts on the expenditure of the average household. These days's with large mortgages for people a small interest rate rise dramatically increases the amount of monthly

./ page 7.

mortgage payments to be made by the household. This reduction of surplus funds certainly reduces the ability of a household to tolerate increasing transport fares. It is considered to be a more suitable proposition for establishing the ability of a household to tolerate a fare increase should be derived by progressing a study of the available data from the Australian Bureau of Statistics that pertains to the levels of household income. For some time the BMC&TUA has been aware of statical data being presented to IPART hearings that is deemed as being completely non representative. In one instance many years ago the City Rail representative claimed that the average household income was in the order of seventy thousand dollars per annum. The BMC&TUA representative considered this as being an outlandish claim. Enquires were made to determine the source of this information. It was revealed much later that this disputed data was obtained by a Department of Transport survey that was reported as being progressed on the North Shore during the middle morning period. Blue Mountains residents would certainly love to have made these statements regarding the amount to their annual income. From memory the average annual income for the Blue Mountains region at this time was in the order of 40 to 45 thousand for the upper earning bands.

The use of "*reliable statistical data*" to determine the ability of a household to tolerate a fare increase is a fair method. In making this statement one is prompted to remember the situation where frequently in tertiary statistical classes the lecture states that there is a correlation between the number of Ducks in Central Berlin Park and the affluence of the citizens of the city. The lecture then requests comments from the class as to why this should be. The students frequently engage in discussing the levels of disposable income, the amount of food that is available and many other ideas that would serve to justify the lecturer's claim. Then as the class draws to a close the lecturer states that there is no such correlation. The lecturer then states that before you make any interpretation of statistical data you are strongly advised to verify the sampling methods, examine the sample size and to check the methodology used to make such a statement. This lesson certainly applies to this situation.

#### **Level of rail service.**

It is envisaged that over the following years there will be a slow increase in the use of Sydney's rail services but the increase in the rate of usage of this rail service will definitely not be rapid. Resident's having private transport is a luxury that people have become accustomed to and the tendency to resort to using private transport is a well established social practice. Recently it has been noted that the Minister for Public Transport has stated during a television interview that owing to the surge in fuel prices the passenger density on Sydney's rail services has increased. Depending on the degree of acceptance by the general public to tolerate elevated fuel prices one may see over the following months a slight fall in the current numbers using the rail service. However, this initial fall off will be possibly off set with the introduction of a carbon tax. This would not be a surprising result as there is always a knee jerk reaction to elevated fuel prices. Additional factors that could possibly contribute to the lowering of passenger numbers would be a series of rail operational problems and the gains previously made via fuel price increases would be lost.

In considering this aspect of rail usage consideration must be given to the future to the implications associated with the development of Regional Growth Centres. If the promise as indicated by the current developments associated with the Regional Growth Centres continues and further if the NSW State Government acts to increase the rate of growth of these Regional Development Centres it is envisaged that there will be a growth in the passenger numbers using the rail service to and from these centres. This prediction is based on the current parking difficulties now being experienced in the Penrith region. Also depending on the operating method use by City Rail, as this will also have a strong influence on the level of rail services required by the community.

In this submission mention has been made regarding changing the mode of operation for City Rail eg the establishment of a metro system for the inner suburbs and the use of shuttle services for the outer suburban regions and the impact of the Regional Growth Centres these will in the near future will combine to change the travelling and commuting patterns.

Currently the existing rail service is considered to be operating at the minimum level of community acceptance. However, if any attempt is made to significantly increase the levels of service there will be on going operational consequences. It is believed therefore that this situation must be watched for the future and further the development of the Regional Growth Centres must be monitored and encouraged to proceed for the future. It is therefore considered that under the existing situation one cannot confidently make a statement for the future, as at this time it is very dynamic.

#### **Considered factors in setting peak and off peak fares.**

A multitude of factors contributes to this aspect of setting the peak and off peak fares. The reported experience by City Rail when it decided to reduce the level of discount for the off peak tickets served to demonstrate the market volatility that exists in respect of prices and the standard of service delivered. The market demonstrated that the off sets imposed by the conditions of travel for the off peak ticket discount did not provide the value for money that was expected.

The policy of the BMC&TUA Inc has been to accept changes in fares that are in line with the CPI index. However, in recent times questions from the membership have challenged this policy. The basis of the questioning was the extent of rework that was apparently being performed by City Rail the problems associated with the current ICAC Inquiry and many other factors. There has been a notable reduction in the quality of the services being delivered by City Rail. In the case of the long distance commuters there has been the reduction in the number of toilets provided in the train. The increased passenger loading introduced by the removal of the 'U'stops on intercity Commuter services. The long distance commuters have not forgotten the three percent additional fare increase introduced years ago that was based on the claimed high standard of service delivered to travellers on these lines by City Rail and that suburban travellers were spared this quality surcharge. The situation has been inflamed by the statements regarding the people who choose to travel to and from work in private transport paying taxes that support public transport. The opinion has been frequently expressed that people who chose to use private transport do so at their free will and other people who own private transport but who use public transport are also paying taxes for the roads that other people use so why use justification to ask for rail passenger's to pay more? There has been the removal of drinking water from the carriages. In addition there has is the ever continuing failure by City Rails to deliver its Customer Charter let alone actually complete it. Further the amount of money that is currently charged for long distance commuters and residents for the existing fares are a much larger proportion of the household expenditure. This coupled with the increase in the household mortgage payments functions to make the long distance customers of City Rail very price sensitive. Over the past years a steady fall off in the standard of City Rail's quality has occurred but there has been a steady rise in the cost for fares and the association's membership and the residents of the Blue Mountains are fully aware of this fact. A three to four percent rise on a twenty dollar weekly ticket is no where as large as a three to four percent of a fifty dollar ticket. It is no wonder that this policy of the BMC&TUA Inc regarding fare increase is being challenged. The magnitude of the easities as reported for the established suburbs are not as great for the inter city regions at the current time.

The Australian Bureau of Statistics published relevant financial data that is regionally  
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focused on the incomes and the financial dependency of each region's residents. This source of information is comprehensive and as such could be used as a reference point for each region's ability to financially tolerate any fare increase. But the established practice of providing a discount for the longer distance traveller must be continued. If there is going to be any chance of gaining the promised longer term benefits that are fully possible, as discussed in this submission there must be a government subsidy to aid in the development of these Regional Development Centres. It is accepted that the aim of this current examination by IPART is to determine if a reduction is possible in the financial subsidy that is provided to City Rail for its operations is feasible or exactly how much should this subsidy be. This association knows that there is a better opportunity to gain the desired reduction in the subsidy that is given to City Rail over the longer term provided that the development of the Regional Development Centres is stimulated. This will only occur provided that there is a sufficiently large enough regional population to support the development centre. The chambers of commerce and the respective municipal shire councils in these outer suburban region are aware of the magnitude of the financial contribution that is made by the region's commuter and residents and it is this growth that occurs via this contribution that will contribute to the progress towards establishing a Regional Development Centre for the future. However, these outer Regional Development Centres require financial support and the discounts that are provided to the long distance commuters and train travellers act to encourage the development of a population that will finally act to support a development centre. Thus it is better to spend funding now to develop centres for the future that will in the longer term provide greater savings. These factors must be used to determine the price of fares for the near future.

It is the opinion of the BMC&TUA as an interim measure until all of the matters raised in this submission have been full examined and resolved that the practice of adjusting the level of fare increases to be within the CPI should be continued.

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